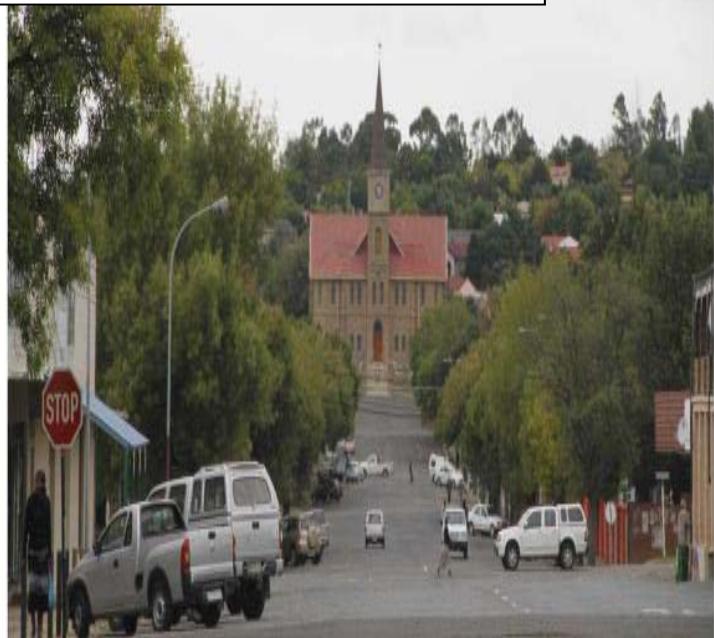




NKETOANA LOCAL MUNICIPALITY



FINAL ANNUAL BUDGET OF
**NKETOANA LOCAL
MUNICIPALITY**

2019/20 TO 2021/22
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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- **Finance department**
- **All public libraries within the municipality**
- **At www.Nketoana.fs.gov.za**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	MFMG	Municipal Financial Management Grant
ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MM	Municipal Manager
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MSIG	Municipal Systems Improvement Grant
EPIP	Environmental Protection and Infrastructure Programme	MTEF	Medium-term Expenditure Framework
EPWP	Expanded Public Works Programme	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NERSA	National Electricity Regulator South Africa
GDP	Gross domestic product	NGO	Non-Governmental organisations
GFS	Government Financial Statistics	NKPIs	National Key Performance Indicators
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
IDP	Integrated Development Strategy	PPE	Property Plant and Equipment
IT	Information Technology	RBIG	Restructuring Bulk Grant
kl	kilolitre	SALGA	South African Local Government Association
Km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
KWh	kilowatt		
l	Litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Annual Budget

1.1 Mayor's Report

BUDGET SPEECH DELIVERED BY THE MAYOR OF NKETOANA LOCAL MUNICIPALITY HONOURABLE MADITSWAKO TERESIA MOKOENA DURING THE ADOPTION OF BUDGET AND IDP COUNCIL HELD AT NKETOANA LOCAL MUNICIPALITY COUNCIL CHAMBER ON THE 6TH OF JUNE 2019.

Honorable Speaker, Cllr KA Mokoena

Chief Whip, Cllr PM Mauled

Members of the Executive Committee

Leadership of the Political Parties

Management and Staff members

Community leaders

Distinguished guests

People of Nketoana Local Municipality

I have the honor to present the 2019/20 Budget speech of Nketoana Local Municipality to everyone before me.

Honorable Speaker, I do so in a spirit of frankness, both about our challenges as a Municipality and the opportunities to turn our Municipality into a direction of hope, confidence and a better life for all.

The performance of Nketoana is one of the key barometers for measuring the development and growth prospects not only for the people of Nketoana, but also for the province as a whole and logically the country at large.

It is this recognition about the importance of our performance that has informed how we have structured our priorities and the budget for the Mid-Term Expenditure Framework and the Annual Budget for 2019/20 Financial Year.

Honorable Speaker, we are gathered here today, to table the 2019/20 Annual Budget in compliance with the requirements of the Municipal Finance Management Act, 56 of 2003. This 2019/20 budget was prepared under challenging circumstances as it took a lot of effort to consolidate a budget with limited resources and a lot of needs. It is our intention to have this budget approved today 31 May 2019.

The Integrated Development Plan (IDP) is the municipality's 5-year plan which is reviewed annually. Accordingly we have done the review for 2019/20 financial year and it is part of the agenda for this meeting.

Honorable Speaker, Nketoana Local Municipality has identified a number of Key IDP Interventions through public consultations and various internal robust deliberations which represent the programs and projects aimed at improving the quality of life to the people of Nketoana. This includes, amongst others, advancing the provision of services to new extensions, attending to the water debacle within the Nketoana Jurisdiction, advancing the site allocation program which seeks to improve the settlement debacle of our people, improvement on the waste removal in pursuit of a healthy environment, attending to our road issues including but not limited to resealing of old roads and installation of speed bumps to ensure a safer community, upgrading of the aged infrastructure to ensure adequate general service delivery and ultimately advancing youth empowerment through academic and entrepreneurial opportunities; My primary desire is to continuously improve the audit opinion of the municipality in line with the improvement of service delivery to our people.

Through the audit action plan document formulated with the assistance and monitoring of the provincial and national treasury, Council has taken several bold decisions that will assist us to ensure that our actions are geared towards improving the lives of many of our poor people, young and old, employed and unemployed.

2019/2020 BUDGET:

Honorable Speaker, in preparing this budget, the input of all communities and stakeholders in Nketoana were taken into account as required by chapter 5 of the local government Municipal Systems Act. Strategic alignment of Nketoana's IDP with National Development Plan, provincial strategic objectives as well as the District vision guided us in the allocation of our available resources to achieve our goals in reducing poverty, unemployment and inequality within our region.

All of us want jobs, thriving businesses, engaged professionals, active youth, narrowing inequality, and reduction in poverty. In this regard, Nketoana Local Municipality will receive a conditional grant amounting to R1 million through the Division of Revenue Act from the Department of Public Works to create sustainable work opportunities for people in our region.

Through the constant hard work, commitment and dedication of our finance team led by our young, energetic and driven CFO, Nketoana Local Municipality has thus received a qualified audit opinion in the 2017/2018 financial year. As most would be aware, we previously had a disclaimer of an audit opinion simply meaning no reliance at all could be put on our financial statements by external stakeholders, now the qualification status simply means reliance when making decisions can be put by external stakeholders. Now MM and CFO, we dearly thank you and your teams for your hard work. It must be noted that the Municipal manager, Chief financial officer, officials and councillors continue to have a huge task on further improving the status to an ultimate desired opinion of a clean audit, I however have full hope and confidence in you my team. CFO, I must emphasise this point to you and the community at large, as you are the custodian of our finances, be informed that our current audit opinion is impressive and a positive financial outlook of this municipality as we just overcame a disclaimer in the previous audit (2016/2017) and the latter still undoubtedly leaves bad taste in my mouth. You have my utmost support dwelling and in pursuit of a better audit opinion as afore-said.

Honorable Speaker, there were times when the municipality was one of the best not only in the province but in the country as well. We were compared with the best performing

municipalities. I therefore acknowledge the fact that; the municipality must work hard to return to its positive financial status.

A major challenge facing our municipality is financial viability to be encountered in the 2019/2020 financial year due to budget cuts versus increasing demands linked to expenditure. These cuts have been validated by Honorable Minister of Finance Tito Mboweni with concurrence by the MEC: Free State Provincial Treasury, specifically focusing on local government when the 2019 budget speech was delivered in February 2019. Thus the municipality will be significantly cutting operational costs to ensure financial sustainability and conformance with treasury guidelines on cost-cutting measures. If we act together, we can address the declining confidence and the retreat of deteriorating municipal infrastructure, ultimately, we can emerge with a viable Nketoana Municipality, where investors come to invest and businesses grow to ensure we meet our developmental mandate.

2 PROGRAMMES AND PROJECTS FOR 2019/20

Honorable Speaker, as we move with speed to unlock development and expand services, we have invested substantial amounts towards:

- Reitz Bulk Water Pipe Line to Petrus Steyn, which we want to see it through even under the challenges it possesses. The municipality has budgeted R32 Million for the 2019/2020 financial year. Honorable Cllr Moloedi and Mokoena, on the project completion, the residents of Mamafubedu will have enough water flow and the water challenge will be a thing of the past.

Nketoana Local Municipality has started with the process of appointing service providers to source additional funding in pursuit of assisting the municipality to acquire other additional grants which the municipality was not privy to. This is post the MEC for Finance in the Free

State Ms. E. Rockman had advised the municipalities to do so, in her Budget speech in March 2018.

Honorable Speaker, we are indeed committed to work hard to change the status of this municipality.

We remain committed to projects that will further increase the participation in sports by the community of Nketoana by rebuilding sports facilities around Nketoana. We started in Mamafubedu where we have built a very nice sport facility, which was followed by Petsana and we are now moving to Ntha where a funding request has been submitted for a sports facility and the municipality is awaiting approval. Indeed Nketoana will be a pioneer of sportsmen and sportswomen who will represent us regionally, provincially, nationally and ultimately globally.

Honorable Speaker, I would like to emphasize that community safety remains our priority given the recent incidents of gang-rated crimes, that's why we have budgeted R 172 Thousands towards the installation of 8 high Mast lights especially in new extensions.

Tourism remains at the Centre of our strategy to grow the economy of Nketoana and create valuable, sustainable employment opportunities for all the poor people especially young people. We have allocated funds towards Tourism in an effort to stimulate it.

However, I do acknowledge that, due to high levels of poverty, unemployment and inequality, we require far greater community facilitation. In rolling out the cooperatives support we have budgeted R 60 000 towards Training and LED projects.

3 BUDGET BACKGROUND NOTES

The MTREF for 2019/20 to 2021/22 were compiled in accordance with the requirements of the relevant legislation, of which the following are the most important:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- The Municipal Structures Act, Act 117 of 1998;
- The Municipal Systems Act, Act 32 of 2000;
- The Municipal Finance Management Act, Act 56 of 2003;
- The Municipal Budget and Reporting Regulations promulgated on 17 April 2009; and
- The Division of Revenue Act

The Revenue and Expenditure Projections assumed inflation-linked annual adjustments over the MTREF except for electricity which is guided by NERSA.

Honorable Speaker, The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- Increased costs associated with bulk water and electricity, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable;
- Reprioritization of capital projects and operating expenditure within the financial affordability limits of the budget, taking the cash position into account;
- Salary increases (6.5%) for municipal staff exceeding consumer inflation, and the requirement to fill unfunded vacant, critical and essential positions in accordance with the Salary and Wage Collective Agreement;
- CPI over the medium term is projected at 5.6%.
- The fuel price is subject to all the variables including the currency volatility and other risks facing the emerging markets.

- Limited income base and no growth in the revenue base.
- Relief for indigent households.
- Unfunded mandates.
- The Municipal Systems Improvement Grant which is still not being allocated to the municipality due to National Cogta appointing consultants who were supposed to compile the revenue enhancement strategy.

The authority's strategic focus areas, which are reflected in the budget, are **financial sustainability, good governance, institutional development, basic service delivery and local economic development and growth.**

KEY POINTS OF THE BUDGET:

Operating income decreases from R336 million in 2018/2019 to R331 million in 2019/2020 (1.3%). Operating expenses decreases from R381 million in 2018/2019 to R333 million in 2019/2020 (12.7%) including Depreciation and Asset Impairment.

Honorable Speaker, The capital budget increases from R65 million in 2018/2019 to R92 million in 2019/2020 (42.6%)

Revenue from property taxes will decrease by more than R 1.2 million, services fees increased by R 11.6 million and other income by approximately R11 million. We will realise an increase in operating grants of R 3.3 million (3%).

Tariff increases:

- Property rates 6%
- Electricity 13.02% (awaiting NERSA approval)
- Water 6%

- Sewerage 6%
- Solid waste 6%

4 IN CONCLUSION

Honorable Speaker, as we table this budget for adoption by Council, we are proud of the enormous achievements that have been achieved since the inception of the term of this Council given the difficult socioeconomic conditions.

Compatriots, we do acknowledge that there are still a number of people who remain dissatisfied, impatient and unconvinced about our progress because they feel that their needs and aspirations remain unfulfilled.

We remain committed to improving the quality of lives of our people. Let our efforts and creative energies be channeled towards bettering the lives of the people of this sub-region.

We should gear up to satisfy the aspirations of the vast majority whose dreams remain deferred and this Honorable Speaker, is our primary objective, and we shall as promised work towards its attainment.

Fellow Councilors, it is my honor to table the MTREF and 2019/2020 Budget for adoption by this full Council.

I thank you.

Maditswako Teresia Mokoena
Executive Mayor

1.2. Council Resolution



NKETOANA LOCAL MUNICIPALITY (FS 193)

Item Number : 169/06(Special Council 06/06/2019)
147/05 (Council 31/05/2019) {Attachments}

Heading : Annual Budget 2019/20 to 2021/2022

Department : Finance

Purpose:

The purpose of the report is to table the Annual Budget for 2019/20 for approval by council.

Regulatory Framework

Section 16 of the Municipal Finance Management Act of 2003 states that municipalities must for each financial year approve an annual budget for the municipality before the start of that financial year

Section 17 of the MFMA further states that

- 1) An annual budget of a municipality must be in a prescribed format
 - a) Setting out the realistically anticipated revenue for the budget year from each revenue source
 - b) Appropriating expenditure for the budget year under the different votes of the municipality
 - c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget
 - d) Setting out
 - i) Estimated revenue and expenditure by vote for the current year ; and
 - ii) Actual revenue and expenditure by vote for the financial year preceding the current year ; and
 - e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed
- 2) Annual budget must generally be divided into a capital and an operating budget in accordance with international best practices, as may be prescribed.
- 3) When an annual budget is tabled in terms of section 16(2) it must be accompanied by the following documents

- a) Draft resolutions
 - i) Approving the budget of the municipality
 - ii) Imposing any tax municipal tax and setting any municipal tariffs as maybe
 - iii) Approving any other matter that maybe prescribed
- b) Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan.
- c) A projection of cash flow for the budget year revenue source , broken down per month,
- d) Any proposed amendments to the municipality's integrated development plan in terms of section 34 of the Municipal Systems Act
- e) Any proposed amendments to the budget –related policies of the municipality
- f) Particulars of the municipality's investments
- g) Any prescribed budget information on municipal entities under the sole or shared control of the municipality
- h) Particulars of new municipal entities which the municipality intends to establish or in which the municipality intend to participate
- i) Particulars of all proposed service delivery agreements including material amendments to existing service delivery agreements
- j) Particulars of any proposed allocations or grants by the municipality to-
 - i) other municipalities
 - ii) any municipal entities and other external mechanism assisting the municipality in the exercise of its functions or powers
 - iii) any other organs of state
 - iv) any organization or bodies referred to in section 67 (1)
- k) The proposed cost to the municipality for the budget year of the salary, allowances and benefits of-
 - i) each political office bearer of the municipality
 - ii) councilors of the municipality; and
 - iii) the municipal manager; chief financial; each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager.
- l) The proposed cost for the budget year to a municipal entity under the sole or shred control of the municipality of the salary , allowances and benefits of –
 - i) each member of the entity's board of directors; and
 - ii) the chief executive officer and each senior manager of the entity;
- m) Any other supporting documentation as maybe prescribed

Section 24 of the MFMA further states that:

- 1) the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget
- 2) An annual budget –
 - a. Must be approved before the start of the budget year
 - b. Is approved by the adoption by the council of a resolution referred to in section 17(3) (a) (i) and
 - c. Must be approved together with the adoption of the resolution as may be necessary –
 - i) Imposing any municipal tax for the budget year
 - ii) Setting any municipal tariffs for the budget year

- iii) Approving measurable performance objectives for the revenue from each source and for each vote in the budget
- iv) Approving any changes to the municipality's integrated plan ; and
- v) Approving any changes to the municipality's budget related policies

3) The accounting Officer of the municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

Background

The Budget Process Plan was approved by Council on 23 August 2018 in compliance with Sections 27 and 29 of the Municipal Systems Act.

To drive public participation, Nketoana Local Municipality established a number of IDP and Budget structures which allowed it to solicit inputs and comments from the diverse stakeholders.

According to the Budget Process Plan the annual 2019/2020 budget had to be tabled in Council by no later than 31 May 2019. The Draft Annual Budget for the 2019/2020 financial year will therefore be tabled in Council for approval on 31 May 2019. After the approval by Council, the budget & IDP will be made public and submitted to National and Provincial Treasury.

The 2019/20 Budget was a consultative process in which all S57 managers participated.

Throughout May 2019, Nketoana Local Municipality embarked on IDP and Budget hearings / road shows. The aim was still to solicit inputs and the public were invited in the form of public notice to make comments.

In the interest of public participation, Nketoana Local Municipality held IDP Road shows in all 4 towns. In general the municipality has complied with the IDP processes as enshrined in the Municipal Systems Act. The issues that were raised at the IDP and Budget Road shows, amongst others, include

- Service delivery Improvement
- Priority be given to new extension to have services
- Consider to buy than to lease assets for municipal utilisation
- High consideration of the utilisation of local suppliers

The annual budget of the municipality was consolidated taking into consideration all the departments' needs. The total revenue budget is R -331 320 793.26 which includes operational grants. Total operating expenditure is R 332 585 641.08 including Employee Related Costs, Repairs and Maintenance, Depreciation and Debt impairment. The operational budget is at a deficit of R -1 264 847.82. This is mainly due to Depreciation and Debt Impairment of R 41 210 808.00 and R 41 688 466.24 respectively. The very poor payment of services by the community also impacts negatively on the municipal revenue. The tariffs would also have to be reconfigured to at least allow a breakeven situation. Adequate staff establishment will also assist over reliance on professional services.

Capital Budget for 2019/20 is R 92 582 000, with the whole capital Budget being fully funded by grants.

Tariffs

After receiving inputs on the budget during the budget consultation we revised our proposed tariff increase to an average of 6% and all services excluding electricity, mainly because of the current CPI of 5.7%. It must also be noted that other overheads such as salary increases continue to be at a rate over the CPI which forms the major budget component.

The Electricity tariff will be proposed at 13.02% as guided by NERSA.

The departments have also proposed new tariffs in an effort to generate more revenue.

Water and Electricity, the municipality is using the IBT i.e. step tariff, meaning that the more services the consumers consume the more they pay.

Council will during the 2018/2019 year review its Organogram in pursuit of realising an effective and efficient cost benefit situation. This will positively impact on the expenditure as it currently seems bloated.

The ANNEXUREs attached for further detail.

- A1 Schedule of 2019/20 (Draft Budget)
- Draft Capital Budget 2019/20
- Draft Tariff List 2019/20
- Circular 93 and 94 of National Treasury
- Budget related Policies
- Asset Management
- Banking and Investment
- Budget Policy 201/2019
- Car allowance
- Cell Phone allowance
- Credit control and debt collection
- Donations
- Expenditure
- Free Basic Waste (FBW)
- Indigent Support
- Leave Policy
- Overtime
- Principles and Policy on writing off of irrecoverable debt, unallocated revenue & impairment
- Property Rates

- Study Grant
- Supply Chain Management
- Tariff
- Travel and Subsistence
- Virement
- Working hours

Resolved:

1. That the annual budget 2019/2020 to 2021/2022 was approved by council.

1.3. Executive Summary

The application of sound financial management principles for the compilation of the Nketoana financial plan is essential and critical to ensure that Nketoana remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Nketoana's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Nketoana has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Nketoana has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/2020 MTREF can be summarized as follows:

- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from DWAF and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The ongoing difficulties in the national and local economy;

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- ❖ The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2019/20 annual budget;
- ❖ Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- ❖ Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards

being cost reflective, and should take into account the need to address infrastructure backlogs;

- ❖ There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the tabled 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/2020 MTREF

Budget	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000
Total Operating Revenue	335 622	331 321	344 510	367 391
Total Operating Expenditure	380 962	332 586	359 410	382 399
Surplus/(Deficit)	(45 339)	(1 265)	(14 900)	(15 007)

Total operating revenue for has decreased by 1.3% or R 4.3 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase by 6% respectively, equating to a total revenue growth of R 22.9 million over the MTREF when compared to the 2018/19 financial year.

Total operating expenditure for the 2019/20 financial year has been appropriated at R 333 million. When compared to the 2018/19 Adjustment budget, total operating expenditure has decreased by 13% in the year 2019/20 budget. The operating deficit for the year 2019/20 is R 1 264 980 which includes an amount of R 1 268 600 that will be funded by MIG (actually the budget has a surplus when we remove that 3.3% MIG Operational allocation used to pay salaries of PMU staff). Operating expenditure includes non-cash items which are depreciation and bad debts both at an amount of R 82.9 million for the year 2019/20.

The total capital budget of R 92.5 million for the year 2019/20 is fully funded from Government Grants and Subsidies.

1.4. Operating Revenue Framework

For Nketoana Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- ❖ National Treasury's guidelines and macroeconomic policy;
- ❖ Growth in the Municipality and continued economic development; SMME development
- ❖ Efficient revenue management, which aims to ensure at least 65% annual collection rate for property rates and other key service charges;
- ❖ Electricity tariff increases of 13.02% as per the tariff increase guidelines from NERSA;
- ❖ Achievement of full cost recovery of specific user charges especially in relation to trading services; this is still a challenge especially on the non-profit making departments
- ❖ Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- ❖ The municipality's Property Rates Policy approved in terms of the MPRA Act no 6 of 2004;
- ❖ Increase ability to extend new services and recover costs;
- ❖ Municipality revenue enhancement strategy
- ❖ Credit and debt control policy
- ❖ The municipality's Indigent Policy and rendering of FBS; and
- ❖ Tariff policies of the Municipality.
- ❖ Financial recovery plan

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

FS193 Nketoana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	-	-	12 049	21 860	21 000	20 350	-	19 803	20 991	22 250
Service charges - electricity revenue	2	-	-	27 630	57 054	48 311	143 820	-	51 803	54 911	58 206
Service charges - water revenue	2	-	-	29 504	56 442	43 198	62 854	-	49 411	52 375	55 518
Service charges - sanitation revenue	2	-	-	13 831	22 855	23 517	23 229	-	23 443	24 850	26 341
Service charges - refuse revenue	2	-	-	13 238	22 191	22 640	66 489	-	24 567	26 041	27 603
Rental of facilities and equipment		-	-	268	782	459	472	-	965	1 023	1 084
Interest earned - external investments		-	-	553	1 411	958	752	-	844	894	948
Interest earned - outstanding debtors		-	-	25 546	42 201	42 903	44 461	-	44 540	47 212	50 045
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	194	650	302	334	-	205	217	230
Licences and permits		-	-	-	585	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	63 422	115 319	115 063	264 752	-	111 729	111 743	120 658
Other revenue	2	-	-	1 511	19 153	17 270	4 645	-	4 013	4 254	4 509
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	187 745	360 502	335 622	632 160	-	331 321	344 510	367 391

Table 3 Percentage growth in revenue by main revenue source

FS193 Nketoana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Current Year 2018/19		2019/2020 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
Revenue By Source								
Property rates	21 000	6%	19 803	6%	20 991	6%	22 250	6%
Service charges - electricity revenue	48 311	14%	51 803	16%	54 911	16%	58 206	16%
Service charges - water revenue	43 198	13%	49 411	15%	52 375	15%	55 518	15%
Service charges - sanitation revenue	23 517	7%	23 433	7%	24 850	7%	26 341	7%
Service charges - refuse revenue	22 640	7%	24 567	7%	26 041	8%	27 603	8%
Service charges - other								
Rental of facilities and equipment	459	0.14%	965	0.29%	1 023	0.30%	1 084	0.30%
Interest earned - external investments	958	0.29%	844	0.25%	894	0.26%	948	0.26%
Interest earned - outstanding debtors	42 903	13%	44 540	13%	47 212	14%	50 045	14%
Dividends received								

Fines	302	0.09%	205	0.06%	217	0.06%	230	0.06%
Licences and permits								
Agency services								
Transfers recognised - operational	115 063	34%	111 729	34%	111 743	32%	120 658	33%
Other revenue	17 270	5%	4 013	1.2%	4 254	1.23%	4 509	1.2%
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)	335 622	100.00%	331 321	100.00%	344 510	100.00%	330 797	100.00%
Total revenue from rates and service charges	158 666	47%	169 026	51%	179 167	52%	189 917	52%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Nketoana. In the 2018/19 financial year, revenue from rates and services charges totalled R159 million or 47%. This increases to R169 million, R179 million and R190 million in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in SA1

Operating grants and transfers totals R111 728 760 in the 2019/20 financial year and increases to R111 742 872 in 2020/21 and R120 658 104 in 2021/22. Note that the year-on-year growth for the 2019/20 financial year is 34% and then decreases to 32% and 33% in the two outer years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

FS193 Nketoana - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:										
Local Government Equitable Share		-	-	63 422	115 319	115 063	264 752	101 529	107 291	115 939
		-	-	50 913	87 568	87 543	233 448	97 092	104 624	113 008
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	12 509	27 751	27 520	31 304	4 437	2 667	2 931
Provincial Government:		-	-	-	-	-	-	3 900	4 134	4 382
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	3 900	4 134	4 382
District Municipality:		-	-	-	-	-	-	-	-	-
[Insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	6 300	318	337
[Insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	6 300	318	337
Total Operating Transfers and Grants	5	-	-	63 422	115 319	115 063	264 752	111 729	111 743	120 658

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol,

diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows;

1.4.1. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, *inter alia* with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 1:0.25. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Below is the proposed property rates to levy for the 2019/20 financial year excluding vat:

PROPERTY RATES	2018/2019	Increase	2019/2020
Business, commercial, and industries	0.0059690	18.00%	0.0070434
Residential Property	0.0051862	6.00%	0.0054973
Property owned by the state or an organ of state (Including Education)	0.0278392	-74.70%	0.0070433
Farming land used for bona fide farming	0.0012961	6.00%	0.0013743
Public service infrastructure	0.0000000	6.00%	0.0000000
Vacant land irrespective of zoning	0.0105679	6.00%	0.0112020
Mining property	0.0051862	6.00%	0.0054973
Religious	0.0000000	6.00%	0.0000000

1.4.2. Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- ❖ Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- ❖ Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- ❖ Water tariffs are designed to encourage efficient and sustainable consumption.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective from 2014.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Proposed Water Tariffs

Metered Water

Residential, Flats, Church and old ages, commercial, government institution

All - Excluding Industries & Departmental	2018/2019	Increase	2019/2020
Service Fee (per month)	161.71	6.00%	171.41
Consumption - 0 to 10kl (per kl)	8.11	6.00%	8.60
Consumption - 11 to 15kl (per kl)	12.98	6.00%	13.76
Consumption - 16 to 20kl (per kl)	17.78	6.00%	18.85
Consumption - 21 to 25kl (per kl)	21.84	6.00%	23.15
Consumption - 26 and more (per kl)	24.96	6.00%	26.46
Free Basic Services Indigents 6kl (per kl)	8.11	6.00%	8.60
Industries			
Service Fee (per month)	209.52	6.00%	222.09
Consumption 0 to 200kl (per kl)	13.59	6.00%	14.41
Consumption 201 and more (per kl)	24.63	6.00%	26.11
Additional Availability charge : Farms/Smallholdings	209.52	6.00%	222.09
Departmental			
Service Fee (per month)	127.79	6.00%	135.46
Consumption (per kl)	11.17	6.00%	11.84

1.4.3. Sale of Electricity and Impact of Tariff Increases

Eskom bulk tariff increases

The National Energy Regulator of South Africa (NERSA) published their “Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2019/20 Financial Year” on 29 March 2019. The guideline includes an update to the average cost structure used to determine the municipal tariff increase. It also sets out proposed timeframes for the approval of municipal tariffs. NERSA invites comments on the guideline to be submitted by 12 April 2019.

The NERSA document proposes a 13.87% guideline increase for municipal electricity tariffs for 2019/20. This is based on a bulk tariff increase for municipalities of 15.63%, the municipality applied for a 13.02% average tariff increase.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.

1.4.4. Sanitation and Impact of Tariff Increases

Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;

Free sanitation (Free basic (residential) -100%) will be applicable to registered indigents; and the total revenue expected to be generated from rendering this service amounts to R23 million for the 2019/20 financial year.

The proposed tariffs for sanitation are as follows:

Waterborne – Residential including churches and old age

Residential (Including churches, old age homes, etc.)	2018/2019	Increase	2019/2020
Per toilet/urinal (per month)	72.01	6.00%	76.34
Minimum (1 or 2 toilets per month)	136.12	6.00%	144.29
Additional Availability charge : Farms/Smallholdings	136.12	6.00%	144.29
Business (Include schools, government institutions, etc.)			
Per toilet/urinal (per month)	139.21	15.00%	160.10
Minimum (per month)	139.21	15.00%	160.10
Additional Availability charge : Farms/Smallholdings	139.21	15.00%	160.10
Industries			
Per toilet/urinal (per month)	139.21	34.35%	187.03
Minimum (per month)	139.21	34.35%	187.03

Additional Availability charge : Farms/Smallholdings	139.21	34.35%	187.03
Departmental			
Per toilet/urinal (per month)	60.15	6.00%	63.76
Minimum (per month)	120.22	6.00%	127.44
SEPTIC TANK			
Residential (Including churches, old age homes, etc.)			
Minimum (per toilet/urinal per month)	734.51	-80.36%	144.29
Farms/Smallholdings - The toilet/urinal fee & additional cost (Labour, fuel, etc.) & 20%	Cost & 20%		Cost & 20%
Business (Include schools, government institutions, etc.)			
Minimum (per toilet/urinal per month)	812.68	-80.30%	160.10
Farms/Smallholdings - The toilet/urinal fee & additional cost (Labour, fuel, etc.) & 20%	Cost & 20%		Cost & 20%
Industries			
Minimum (per toilet/urinal per month)	176.45	6.00%	187.03
Farms/Smallholdings - The toilet/urinal fee & additional cost (Labour, fuel, etc.) & 20%			
Departmental			
Minimum (per toilet/urinal per month)	734.52	-80.36%	144.29

Septic-tank residential, business & departmental tariff structure changed not billing per suction.
Fixed monthly charge suction done on request

1. VIP Toilets and Buckets

For the household using VIP toilets the service will be charged for cleaning of VIP toilets 881.42 per suction

2. Availability Charge

The following availability charge shall be payable in respect of vacant stands:

Per residential stand per month 252.21

Per Non-residential stand per month 358.97

3. Charges for work carried out by the municipality:

Re-inspection fee per connection	843.95
Sealing opening per connection	1 265.93
Re-opening sealed connection	1 265.93
Alterations to gullies, per gulley	Cost & 20%
Removing blockages on private dwelling	351.08

1.4.5. Waste Removal and Impact of Tariff Increases

The proposed tariffs for waste removal are as follows:

Residential (Including churches, old age homes, etc.)- Minimum	2018/2019	Increase	2019/2020
Per Bin (per month)	162.04	6.00%	171.76
Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or refuse site). See policy		N/A	171.76
Business (Office Blocks)		Cost & 20%	
Per Bin (per month)	198.06	15.00%	227.77
Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy		N/A	227.77
Business (Retail) - Per Collection	818.35	15.00%	941.11
Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy		N/A	941.11
Business (Include schools, government institutions, etc.)		Cost & 20%	
Per Bin (per month)	900.19	15.00%	1 035.22
Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy		N/A	1 035.22
Industries			
Per Bin (per month)	1 170.25	6.00%	1 240.47
Farms/Smallholdings - Per bin per month (Customer to deliver to within urban boundaries or at refuse site). See policy		N/A	1 240.47
Departmental		Cost & 20%	
Per Bin (per month)	162.04	6.00%	171.76
Special service (waste)		Cost & 20%	

1.4.6 Overall impact of tariff increases on households

The overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 6% as per the Inflation.

1.5. Operating Expenditure Framework

The Nketoana Local Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- ❖ The asset management strategy and the repairs and maintenance plan;
- ❖ Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- ❖ Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- ❖ The capital programme is aligned to the IDP and MIG strategy and backlog eradication plan;
- ❖ Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- ❖ Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	-	-	32 675	118 387	124 187	90 455	-	114 454	128 116	137 148
Remuneration of councillors		-	-	-	-	-	19	-	6 357	6 802	7 278
Debt impairment	3	-	-	35 354	55 027	52 900	62 811	-	41 688	44 190	46 841
Depreciation & asset impairment	2	-	-	-	58 873	58 873	-	-	41 211	43 683	46 304
Finance charges		-	-	12 712	18 115	22 002	70 702	-	12 002	12 722	13 485
Bulk purchases	2	-	-	-	9 577	770	156 133	-	58 912	62 447	66 194
Other materials	8	-	-	3 512	5 884	8 210	7 793	-	11 307	11 986	12 705
Contracted services		-	-	57 861	94 573	114 011	64 664	-	14 078	14 922	15 818
Transfers and subsidies		-	-	4	9	10	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	32 577	34 542	36 626
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		-	-	142 118	360 444	380 962	452 577	-	332 586	359 410	382 399

The budgeted allocation for employee related costs for the 2019/20 financial year totals R114 million, which equals 34% of the total operating expenditure and remuneration of councillors totals R6 million which equates to 1.9% of total operating expenditure. Consolidated employee related cost for the 2019/20 financial year totals to R120 million. An annual increase of 6.5% has been included in the 2019/20 MTREF based on previous year's salary wage collective agreement.

The provision of debt impairment was determined based on an annual collection rate and the Debt Write-off Policy of the Nketoana. For the 2019/20 financial year this amount

equates to R41 million and escalates to R46 million by 2021/22. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R41 million for the 2019/20 financial year and equates to 12% of the total operating expenditure.

Finance charges consist primarily of the repayment of Eskom Interest and interest on long-term borrowing (cost of capital). Finance charges make up 4% (R12 million) of operating expenditure and increases to R13 million by 2021/22.

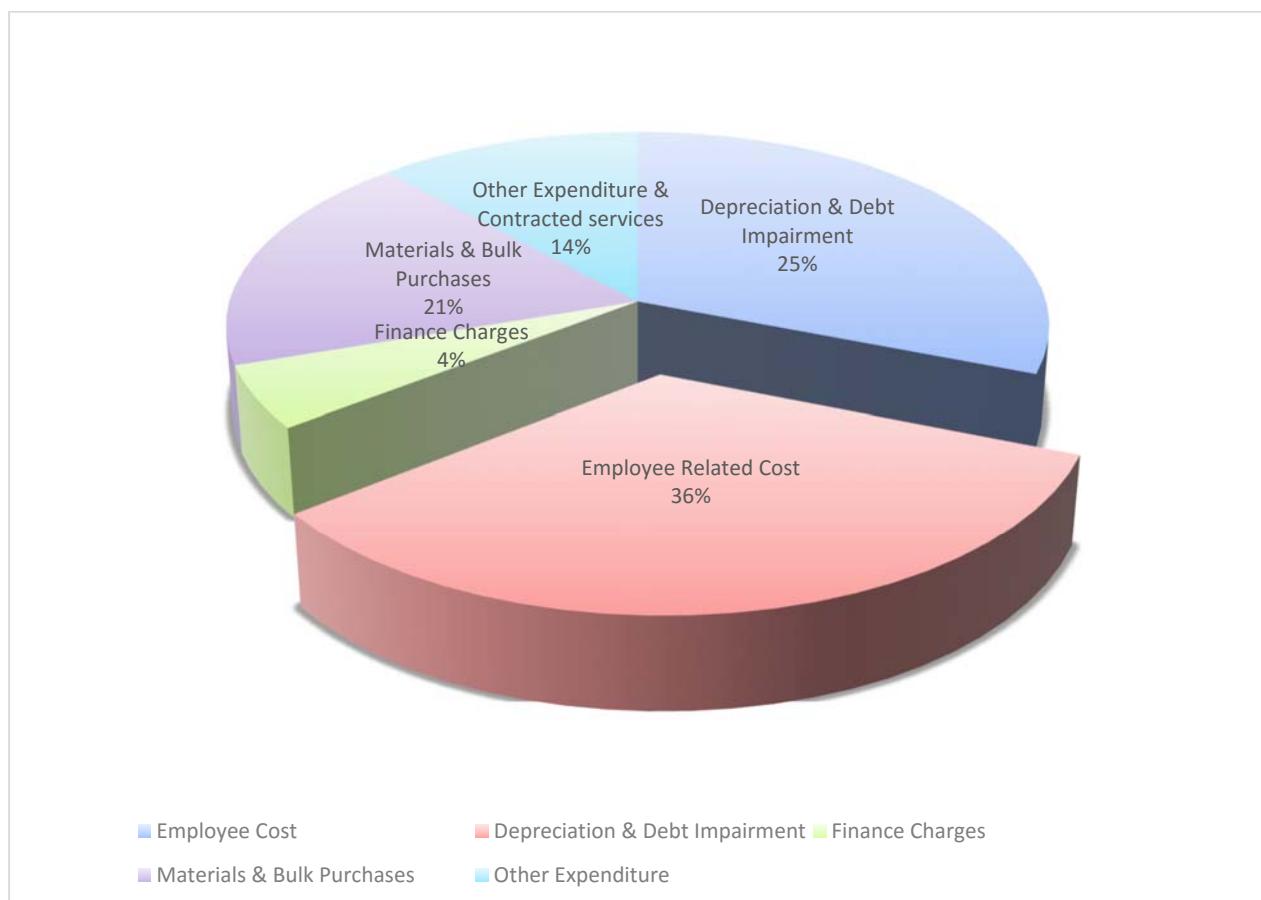
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other materials comprises materials for maintenance when doing the repairs internally. For 2019/20 the appropriation against this group of expenditure is 3% (R11 million).

Contracted comprises of professional fees and leased machinery and fleet. As part of the compilation of the 2019/20 MTREF, this group of expenditure totals R14 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The expenditure for this group totals R35 million for the year 2019/20.

The following graph gives a breakdown of the main expenditure categories for the 2019/20 financial year.



Main operational expenditure categories for the 2019/20 financial

Table 6 Repairs and maintenance per asset class

FS193 Nketoana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audit ed Outco me	Audit ed Outco me	Audited Outcom e	Original Budget	Adjusted Budget	Full Year Forec ast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class										
-	-	-	-	723	4	5 604	-	-	-	-
Infrastructure										
Roads Infrastructure	-	-	-	212	2	1 909	-	-	-	-
<i>Roads</i>	-	-	-	962	1	1 529	-	-	-	-
<i>Road Structures</i>	-	-	-	-	-	-	-	-	-	-
<i>Road Furniture</i>	-	-	-	250	-	380	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>	-	-	-	-	-	-	-	-	-	-
<i>Storm water Conveyance</i>	-	-	-	-	-	-	-	-	-	-
<i>Attenuation</i>	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	911	-	925	-	-	-	-
<i>Power Plants</i>	-	-	-	-	-	-	-	-	-	-
<i>HV Substations</i>	-	-	-	-	-	-	-	-	-	-
<i>HV Switching Station</i>	-	-	-	-	-	-	-	-	-	-
<i>HV Transmission Conductors</i>	-	-	-	-	-	-	-	-	-	-
<i>MV Substations</i>	-	-	-	-	-	-	-	-	-	-
<i>MV Switching Stations</i>	-	-	-	-	-	-	-	-	-	-
<i>MV Networks</i>	-	-	-	911	-	925	-	-	-	-
<i>LV Networks</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	500	1	2 570	-	-	-	-
<i>Dams and Weirs</i>	-	-	-	-	-	-	-	-	-	-
<i>Boreholes</i>	-	-	-	-	-	-	-	-	-	-
<i>Reservoirs</i>	-	-	-	-	-	-	-	-	-	-
<i>Pump Stations</i>	-	-	-	-	-	-	-	-	-	-
<i>Water Treatment Works</i>	-	-	-	-	-	-	-	-	-	-
<i>Bulk Mains</i>	-	-	-	-	-	-	-	-	-	-
<i>Distribution</i>	-	-	-	500	1	2 570	-	-	-	-

<i>Distribution Points</i>	-	-	-	-	-	-	-	-	-
<i>PRV Stations</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	100	200	-	-	-	-
<i>Pump Station</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	100	200	-	-	-	-
<i>Waste Water Treatment Works</i>	-	-	-	-	-	-	-	-	-
<i>Outfall Sewers</i>	-	-	-	-	-	-	-	-	-
<i>Toilet Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
<i>Landfill Sites</i>	-	-	-	-	-	-	-	-	-
<i>Waste Transfer Stations</i>	-	-	-	-	-	-	-	-	-
<i>Waste Processing Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Waste Drop-off Points</i>	-	-	-	-	-	-	-	-	-
<i>Waste Separation Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Electricity Generation Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<i>Rail Lines</i>	-	-	-	-	-	-	-	-	-
<i>Rail Structures</i>	-	-	-	-	-	-	-	-	-
<i>Rail Furniture</i>	-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Conveyance</i>	-	-	-	-	-	-	-	-	-
<i>Attenuation</i>	-	-	-	-	-	-	-	-	-
<i>MV Substations</i>	-	-	-	-	-	-	-	-	-
<i>LV Networks</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
<i>Sand Pumps</i>	-	-	-	-	-	-	-	-	-
<i>Piers</i>	-	-	-	-	-	-	-	-	-
<i>Revetments</i>	-	-	-	-	-	-	-	-	-
<i>Promenades</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>	-	-	-	-	-	-	-	-	-

Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
<u>Community Assets</u>	-	-	-	380	598	-	-	-	-
Community Facilities	-	-	-	300	558	-	-	-	-
<i>Halls</i>	-	-	-	-	-	-	-	-	-
<i>Centres</i>	-	-	-	-	-	-	-	-	-
<i>Crèches</i>	-	-	-	-	-	-	-	-	-
<i>Clinics/Care Centres</i>	-	-	-	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>	-	-	-	-	-	-	-	-	-
<i>Testing Stations</i>	-	-	-	-	-	-	-	-	-
<i>Museums</i>	-	-	-	-	-	-	-	-	-
<i>Galleries</i>	-	-	-	-	-	-	-	-	-
<i>Theatres</i>	-	-	-	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-	-	-	-
<i>Cemeteries/Crematoria</i>	-	-	-	300	558	-	-	-	-
<i>Police</i>	-	-	-	-	-	-	-	-	-
<i>Parks</i>	-	-	-	-	-	-	-	-	-
<i>Public Open Space</i>	-	-	-	-	-	-	-	-	-
<i>Nature Reserves</i>	-	-	-	-	-	-	-	-	-
<i>Public Ablution Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Markets</i>	-	-	-	-	-	-	-	-	-
<i>Stalls</i>	-	-	-	-	-	-	-	-	-
<i>Abattoirs</i>	-	-	-	-	-	-	-	-	-
<i>Airports</i>	-	-	-	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	80	40	-	-	-	-
<i>Indoor Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Outdoor Facilities</i>	-	-	-	80	40	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
	1	1	1	1	1	1	1	1	1
<u>Heritage assets</u>	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-

Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
<u>Investment properties</u>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-	-	-	-
<u>Other assets</u>	-	-	-	300	498	-	-	-	-
Operational Buildings	-	-	-	300	498	-	-	-	-
<i>Municipal Offices</i>	-	-	-	300	498	-	-	-	-
<i>Pay/Enquiry Points</i>	-	-	-	-	-	-	-	-	-
<i>Building Plan Offices</i>	-	-	-	-	-	-	-	-	-
<i>Workshops</i>	-	-	-	-	-	-	-	-	-
<i>Yards</i>	-	-	-	-	-	-	-	-	-
<i>Stores</i>	-	-	-	-	-	-	-	-	-
<i>Laboratories</i>	-	-	-	-	-	-	-	-	-
<i>Training Centres</i>	-	-	-	-	-	-	-	-	-
<i>Manufacturing Plant</i>	-	-	-	-	-	-	-	-	-
<i>Depots</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>	-	-	-	-	-	-	-	-	-
<i>Social Housing</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
<u>Biological or Cultivated Assets</u>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<u>Intangible Assets</u>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>	-	-	-	-	-	-	-	-	-
<i>Effluent Licenses</i>	-	-	-	-	-	-	-	-	-

<i>Solid Waste Licenses</i>	–	–	–	–	–	–	–	–	–
<i>Computer Software and Applications</i>	–	–	–	–	–	–	–	–	–
<i>Load Settlement Software Applications</i>	–	–	–	–	–	–	–	–	–
<i>Unspecified</i>	–	–	–	–	–	–	–	–	–
<u>Computer Equipment</u>	–	–	–	500	400	–	260	276	292
Computer Equipment	–	–	–	500	400	–	260	276	292
<u>Furniture and Office Equipment</u>	–	–	–	10	–	–	–	–	–
Furniture and Office Equipment	–	–	–	10	–	–	–	–	–
<u>Machinery and Equipment</u>	–	–	–	148	4	3 585	–	250	265
Machinery and Equipment	–	–	–	148	4	3 585	–	250	265
<u>Transport Assets</u>	–	–	–	760	1	700	–	–	–
Transport Assets	–	–	–	760	1	700	–	–	–
<u>Land</u>	–	–	–	–	–	–	–	–	–
Land	–	–	–	–	–	–	–	–	–
<u>Zoo's, Marine and Non-biological Animals</u>	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	1	–	–	–	821	11	11 384	–	510
								541	573

1.5.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Nketoana Local Municipality Indigent Policy. The target is to register 6000 or more indigent households during the 2019/20 financial year, a process reviewed annually.

The municipality is reviewing the Indigent policy, the threshold of indigent is R4 000, we believe that this will assist the poorest of the poor within our community. There was also an outcry for NGO's especially that takes care of people with disabilities, and also the Old age residents were included in this policy. The said organisations will receive a rebate depending on the consumption of their water and electricity. This resulted from the door-to door campaign that was made by councillors.

It is Important to note that the current outstanding debt is not caused by the poor people as they are being subsidized on their full accounts. The debt is caused by those who earn above the R4 000 per month bracket and who are not paying. The motivation for the selected list of residents to start the collection process with is thus aimed at professional people, business, agriculture, etc. as their income is above the basic norm.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6. Capital expenditure

For 2019/20 the total amount of R 92 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. 38 million is for MIG, 50 million is for RBIG and 4 million is for WSIG.

Break down of Projects to be undertaken over the 2019/20 medium-term includes:

MIG

- Nketoana: Installation of 8(30m) high mast lights in 4 towns (MIS: 271223) – R 172 392.93
- Ntha: Upgrading of 1.5km gravel roads & storm water drainage – R 591 266.57
- Petsana: Upgrading of 3.5km sewer outfall (MIS: 288662) – R 646 455.39
- Petsana: Upgrading of 2km Gravel Roads (MIS: 298371) – R 13 408 098.38
- Ntha: Upgrading of sports facility (MIS) – R 13 421 227.05
- Pesana: Upgrading of water pumps and motors (MIS) – R 2 563 557.08
- Nketoana: Installation of bulk zonal water meters – R 5 371 691.98
- Refurbishment of Mamafubedu Sewer Pump Station – R928 710.72

RBIG

- Construction of a new 42km long 315mm dia pipe from Reitz WTW to Petrus Steyn - R 37 735 007.36
- New 4MI concrete reservoir in Petrus Steyn – R 669 493.32
- New water abstraction point in Liebenbergsvlei including a new 56km long 355mm dia pipeline to Lindley – R 7 723 223.39
- New 10MI concrete reservoir in Reitz – R 1 344 390.11
- Construction of a new 20km long 315mm dia pipeline from Reitz WTW – R 1 714 765.74
- New 2MI concrete reservoir in Lindley – R 495 734.82
- New 1MI concrete reservoir in Arlington – R 317 385.26

WSIG

- Construction of 19.4km Upvc pipeline from Lindley to Arlington – R 4 210 000

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as tabled by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 7 MBRR Table A1 - Budget Summary

FS193 Nketoana - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21
Financial Performance										
Property rates	–	–	12 049	21 860	21 000	20 350	–	19 803	20 991	22 250
Service charges	–	–	84 204	158 541	137 666	296 392	–	149 223	158 177	167 667
Investment revenue	–	–	553	1 411	958	752	–	844	894	948
Transfers recognised - operational	–	–	63 422	115 319	115 063	264 752	–	111 729	111 743	120 658
Other own revenue	–	–	27 518	63 371	60 935	49 913	–	49 722	52 705	55 868
Total Revenue (excluding capital transfers and contributions)	–	–	187 745	360 502	335 622	632 160	–	331 321	344 510	367 391
Employee costs	–	–	32 675	118 387	124 187	90 455	–	114 454	128 116	137 148
Remuneration of councillors	–	–	–	–	–	19	–	6 357	6 802	7 278
Depreciation & asset impairment	–	–	–	58 873	58 873	–	–	41 211	43 683	46 304
Finance charges	–	–	12 712	18 115	22 002	70 702	–	12 002	12 722	13 485
Materials and bulk purchases	–	–	3 512	15 461	8 980	163 927	–	70 220	74 433	78 899
Transfers and grants	–	–	4	9	10	–	–	–	–	–
Other expenditure	–	–	93 215	149 600	166 911	127 475	–	88 343	93 654	99 284
Total Expenditure	–	–	142 118	360 444	380 962	452 577	–	332 586	359 410	382 399
Surplus/(Deficit)	–	–	45 628	57	(45 339)	179 583	–	(1 265)	(14 900)	(15 007)
Transfers and subsidies - capital (monetary allocation)	–	–	851	40 000	40 000	3 405	–	92 582	105 202	104 185
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	46 479	40 057	(5 339)	182 988	–	91 317	90 302	89 177
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	46 479	40 057	(5 339)	182 988	–	91 317	90 302	89 177
Capital expenditure & funds sources										
Capital expenditure	–	–	1 912	64 927	63 575	63 575	–	91 313	105 272	106 952
Transfers recognised - capital	–	–	–	–	–	–	–	91 313	105 272	106 952
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	–	–	–	–	–	–	–	91 313	105 272	106 952
Financial position										
Total current assets	–	–	(95 228)	(24 870)	(68 914)	(236 012)	–	4	(14 970)	(17 774)
Total non current assets	–	–	1 228 554	64 927	63 575	20 143 404	–	91 313	105 272	106 952
Total current liabilities	–	–	314 469	–	–	(124 179)	–	–	–	–
Total non current liabilities	–	–	61 872	–	–	2 257 366	–	–	–	–
Community wealth/Equity	–	–	756 986	40 057	(5 339)	26 431 228	–	91 317	90 302	89 177
Cash flows										
Net cash from (used) operating	–	–	(145 509)	(26 444)	(33 188)	2 419 484	–	182 342	186 789	191 453
Net cash from (used) investing	–	–	(240 723)	(64 927)	(63 575)	(11 132 966)	–	(91 313)	(105 272)	(106 952)
Net cash from (used) financing	–	–	8 384	–	–	361 986	–	–	–	–
Cash/cash equivalents at the year end	–	–	(377 848)	(91 371)	(96 763)	(8 351 497)	–	91 028	172 545	257 046
Cash backing/surplus reconciliation										
Cash and investments available	–	–	15 159	(150 244)	(155 635)	261 459	–	49 818	37 833	38 197
Application of cash and investments	–	–	365 516	(39 189)	(35 532)	(23 499 019)	–	51 015	54 076	57 320
Balance - surplus (shortfall)	–	–	(350 357)	(111 055)	(120 103)	23 760 478	–	(1 197)	(16 243)	(19 123)
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation	–	–	–	58 873	58 873	–	–	41 211	43 683	46 304
Renewal and Upgrading of Existing Assets	–	–	–	40 296	38 944	–	–	24 732	24 574	21 022
Repairs and Maintenance	–	–	–	11 821	11 384	–	–	510	541	573
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	780	827	827	827	876	876	929	929	985	1 044
Households below minimum service level										
Water:	8	7	7	8	8	9	9	9	9	10
Sanitation/sewage:	4	4	4	5	5	5	5	5	6	6
Energy:	14	13	13	14	15	16	16	16	17	18
Refuse:	5	5	5	5	5	6	6	6	6	7

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Nketoana's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted

Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

FS193 Nketoana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
<i>Governance and administration</i>		-	-	102 593	94 148	99 302	200 510	110 051	111 342	120 223
Executive and council		-	-	-	8 616	12 899	-	15 350	16 271	17 247
Finance and administration		-	-	102 593	85 532	86 402	200 510	94 701	95 071	102 976
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	371	14 668	13 362	716	23 238	11 606	11 030
Community and social services		-	-	-	3 880	4 180	-	2 186	2 317	2 456
Sport and recreation		-	-	312	8 226	6 199	607	18 461	6 543	5 662
Public safety		-	-	59	700	107	109	205	217	230
Housing		-	-	-	1 862	2 876	-	2 386	2 530	2 681
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	19 319	17 446	-	24 268	14 671	20 456
Planning and development		-	-	-	2 758	1 420	-	1 500	1 590	1 685
Road transport		-	-	-	16 561	16 026	-	22 768	13 081	18 771
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	85 632	270 664	244 194	144 612	266 286	311 072	318 776
Energy sources		-	-	27 627	59 941	52 652	47 931	55 079	58 201	61 693
Water management		-	-	30 300	116 139	98 245	50 082	143 347	169 519	179 848
Waste water management		-	-	13 829	60 650	60 084	23 223	31 788	47 450	39 179
Waste management		-	-	13 877	33 935	33 214	23 376	36 072	35 902	38 056
<i>Other</i>	4	-	-	-	1 702	1 318	-	60	1 019	1 091
Total Revenue - Functional	2	-	-	188 596	400 502	375 622	345 839	423 903	449 712	471 576
Expenditure - Functional										
<i>Governance and administration</i>		-	-	35 985	91 258	90 903	68 027	78 624	83 776	89 267
Executive and council		-	-	9 146	29 892	25 818	18 501	24 322	26 006	27 808
Finance and administration		-	-	26 839	61 366	65 085	49 526	54 302	57 769	61 460
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	8 911	32 422	35 810	25 135	31 626	33 791	36 105
Community and social services		-	-	1 011	3 536	4 080	2 229	2 031	2 166	2 310
Sport and recreation		-	-	5 646	19 154	22 157	15 942	9 479	10 112	10 787
Public safety		-	-	1 556	7 051	6 687	5 091	18 174	19 437	20 788
Housing		-	-	698	2 683	2 887	1 873	1 941	2 076	2 220
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	4 083	47 467	46 886	10 534	36 642	38 939	41 380
Planning and development		-	-	320	1 325	1 416	841	1 788	1 912	2 045
Road transport		-	-	3 763	46 142	45 470	9 693	34 854	37 026	39 336
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	92 835	187 925	206 044	163 502	185 694	202 904	215 646
Energy sources		-	-	47 152	87 415	98 650	83 669	84 965	90 126	95 602
Water management		-	-	25 360	50 500	58 856	44 510	52 303	61 199	65 107
Waste water management		-	-	10 609	25 279	27 449	18 356	23 682	25 199	26 812
Waste management		-	-	9 714	24 731	21 089	16 967	24 744	26 380	28 125
<i>Other</i>	4	-	-	305	1 372	1 318	594	-	-	-
Total Expenditure - Functional	3	-	-	142 118	360 444	380 962	267 791	332 586	359 410	382 399
Surplus/(Deficit) for the year		-	-	46 479	40 057	(5 339)	78 048	91 317	90 302	89 177

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water, Waste water and waste management functions, but not the Electricity Services. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Because the tariffs of electricity are regulated by Nersa and as a result the electricity department has been operating on a deficit. The municipality had a meeting with Nersa and presented electricity department situation in an effort to get assistance or alternatively to have higher tariffs and it was concluded that the municipality must first do a Cost of Supply study.
5. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate and Finance Services.

Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

FS193 Nketoana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Revenue by Vote</u>	1									
Vote 1 - Vote 1 : Executive and Council		-	-	-	8 616	12 899	-	15 350	16 271	17 247
Vote 2 - Vote 2 : Finance and Administration		-	-	102 593	85 532	86 402	200 510	94 701	95 071	102 976
Vote 3 - Vote 3 : Community Services		-	-	371	12 806	10 486	716	20 851	9 077	8 348
Vote 4 - Vote 4 : Waste Management		-	-	13 877	33 935	33 214	23 376	36 072	35 902	38 056
Vote 5 - Vote 5 : Local Economic Development		-	-	-	4 460	2 739	-	1 560	2 609	2 776
Vote 6 - Vote 6 : Roads Transport		-	-	-	16 561	16 026	-	22 768	13 081	18 771
Vote 7 - Vote 7 : Water		-	-	30 300	116 139	98 245	50 082	143 347	169 519	179 848
Vote 8 - Vote 8 : Electricity		-	-	27 627	59 941	52 652	47 931	55 079	58 201	61 693
Vote 9 - Vote 9 : Waste Water		-	-	13 829	60 650	60 084	23 223	31 788	47 450	39 179
Vote 10 - Vote 10 : Housing		-	-	-	1 862	2 876	-	2 386	2 530	2 681
Vote 11 - NULL		-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-
<u>Total Revenue by Vote</u>	2	-	-	188 596	400 502	375 622	345 839	423 903	449 712	471 576
<u>Expenditure by Vote to be appropriated</u>	1									
Vote 1 - Vote 1 : Executive and Council		-	-	9 146	29 892	25 818	18 501	24 322	26 006	27 808
Vote 2 - Vote 2 : Finance and Administration		-	-	26 839	61 366	65 085	49 526	54 302	57 769	61 460
Vote 3 - Vote 3 : Community Services		-	-	8 213	29 740	32 923	23 262	29 684	31 715	33 885
Vote 4 - Vote 4 : Waste Management		-	-	9 714	24 731	21 089	16 967	24 744	26 380	28 125
Vote 5 - Vote 5 : Local Economic Development		-	-	624	2 697	2 734	1 435	1 788	1 912	2 045
Vote 6 - Vote 6 : Roads Transport		-	-	3 763	46 142	45 470	9 693	34 854	37 026	39 336
Vote 7 - Vote 7 : Water		-	-	25 360	50 500	58 856	44 510	52 303	61 199	65 107
Vote 8 - Vote 8 : Electricity		-	-	47 152	87 415	98 650	83 669	84 965	90 126	95 602
Vote 9 - Vote 9 : Waste Water		-	-	10 609	25 279	27 449	18 356	23 682	25 199	26 812
Vote 10 - Vote 10 : Housing		-	-	698	2 683	2 887	1 873	1 941	2 076	2 220
Vote 11 - NULL		-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-
<u>Total Expenditure by Vote</u>	2	-	-	142 118	360 444	380 962	267 791	332 586	359 410	382 399
<u>Surplus/(Deficit) for the year</u>	2	-	-	46 479	40 057	(5 339)	78 048	91 317	90 302	89 177

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of Nketoana. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.
2. The electricity department is operating on a deficit and as such cannot subsidise other non-revenue generating departments. It is also burdening the operating budget of the municipality. This is mainly due to the tariffs of electricity which are not cost reflective.

Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

FS193 Nketoana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	-	-	12 049	21 860	21 000	20 350	-	19 803	20 991	22 250
Service charges - electricity revenue	2	-	-	27 630	57 054	48 311	143 820	-	51 803	54 911	58 206
Service charges - water revenue	2	-	-	29 504	56 442	43 198	62 854	-	49 411	52 375	55 518
Service charges - sanitation revenue	2	-	-	13 831	22 855	23 517	23 229	-	23 443	24 850	26 341
Service charges - refuse revenue	2	-	-	13 238	22 191	22 640	66 489	-	24 567	26 041	27 603
Rental of facilities and equipment		-	-	268	782	459	472	-	965	1 023	1 084
Interest earned - external investments		-	-	553	1 411	958	752	-	844	894	948
Interest earned - outstanding debtors		-	-	25 546	42 201	42 903	44 461	-	44 540	47 212	50 045
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	194	650	302	334	-	205	217	230
Licences and permits		-	-	-	585	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	63 422	115 319	115 063	264 752	-	111 729	111 743	120 658
Other revenue	2	-	-	1 511	19 153	17 270	4 645	-	4 013	4 254	4 509
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	187 745	360 502	335 622	632 160	-	331 321	344 510	367 391
Expenditure By Type											
Employee related costs	2	-	-	32 675	118 387	124 187	90 455	-	114 454	128 116	137 148
Remuneration of councilors		-	-	-	-	-	19	-	6 357	6 802	7 278
Debt impairment	3	-	-	35 354	55 027	52 900	62 811	-	41 688	44 190	46 841
Depreciation & asset impairment	2	-	-	-	58 873	58 873	-	-	41 211	43 683	46 304
Finance charges		-	-	12 712	18 115	22 002	70 702	-	12 002	12 722	13 485
Bulk purchases	2	-	-	-	9 577	770	156 133	-	58 912	62 447	66 194
Other materials	8	-	-	3 512	5 884	8 210	7 793	-	11 307	11 986	12 705
Contracted services		-	-	57 861	94 573	114 011	64 664	-	14 078	14 922	15 818
Transfers and subsidies		-	-	4	9	10	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	32 577	34 542	36 626
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		-	-	142 118	360 444	380 962	452 577	-	332 586	359 410	382 399
Surplus/(Deficit)		-	-	45 628	57	(45 339)	179 583	-	(1 265)	(14 900)	(15 007)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	851	40 000	40 000	3 405	-	92 582	105 202	104 185
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all))	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	46 479	40 057	(5 339)	182 988	-	91 317	90 302	89 177
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	-	46 479	40 057	(5 339)	182 988	-	91 317	90 302	89 177
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	-	46 479	40 057	(5 339)	182 988	-	91 317	90 302	89 177
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		-	-	46 479	40 057	(5 339)	182 988	-	91 317	90 302	89 177

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R331 Million in 2019/20 and escalates to R367 Million by 2021/22. This represents a year-on-year increase of 11% from the 2019/20 financial year and for the two outer years.
2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R169 million for

the 2019/20 financial year and increasing to R190 million by 2021/22. For the 2019/20 financial year services charges amount to 51% of the total revenue.

3. Transfers recognised – operational includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF, for 2019/20 it totals R112 million and for 2021/22 R121 million.
4. Bulk purchases increases from 2019/20 to 2021/22 period respectively from R58 million to R66 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Department of Water Affairs.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 11 MBRR Table A6 - Budgeted Financial Position

FS193 Nketoana - Table A6 Budgeted Financial Position

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		–	–	13 646	(150 244)	(155 635)	225 149	–	49 818	37 833	38 197
Call investment deposits	1	–	–	172	–	–	4 133	–	–	–	–
Consumer debtors	1	–	–	(175 287)	125 374	86 721	(8 679 360)	–	(49 814)	(52 803)	(55 971)
Other debtors		–	–	65 484	–	–	8 185 831	–	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	757	–	–	28 235	–	–	–	–
Total current assets		–	–	(95 228)	(24 870)	(68 914)	(236 012)	–	4	(14 970)	(17 774)
Non current assets											
Long-term receivables		–	–	225 809	–	–	10 838 832	–	–	–	–
Investments		–	–	1 341	–	–	32 178	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	986 802	64 927	63 575	8 920 852	–	91 313	105 272	106 952
Biological		–	–	73	–	–	2 831	–	–	–	–
Intangible		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	14 530	–	–	348 712	–	–	–	–
Total non current assets		–	–	1 228 554	64 927	63 575	20 143 404	–	91 313	105 272	106 952
TOTAL ASSETS		–	–	1 133 326	40 057	(5 339)	19 907 392	–	91 317	90 302	89 177
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	2 653	–	–	63 679	–	–	–	–
Consumer deposits		–	–	1 592	–	–	39 408	–	–	–	–
Trade and other payables	4	–	–	299 476	–	–	(483 119)	–	–	–	–
Provisions		–	–	10 747	–	–	255 853	–	–	–	–
Total current liabilities		–	–	314 469	–	–	(124 179)	–	–	–	–
Non current liabilities											
Borrowing		–	–	4 138	–	–	258 899	–	–	–	–
Provisions		–	–	57 734	–	–	1 998 467	–	–	–	–
Total non current liabilities		–	–	61 872	–	–	2 257 366	–	–	–	–
TOTAL LIABILITIES		–	–	376 341	–	–	2 133 187	–	–	–	–
NET ASSETS	5	–	–	756 986	40 057	(5 339)	17 774 205	–	91 317	90 302	89 177
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	–	(696 822)	40 057	(5 339)	(8 460 165)	–	91 317	90 302	89 177
Reserves	4	–	–	1 453 808	–	–	34 891 393	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	756 986	40 057	(5 339)	26 431 228	–	91 317	90 302	89 177

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 12 MBRR Table A7 - Budgeted Cash Flow Statement

FS193 Nketoana - Table A7 Budgeted Cash Flows

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	4 395	-	-	(68 144)	-	20 312	21 531	22 823
Service charges		-	-	(108 273)	55 027	71 945	9 064 246	-	198 527	210 439	223 065
Other revenue		-	-	731	21 170	18 032	(8 180 379)	-	5 183	5 494	5 823
Government - operating	1	-	-	63 422	115 319	115 063	264 752	-	111 729	111 743	120 658
Government - capital	1	-	-	851	40 000	40 000	3 405	-	92 582	105 202	104 185
Interest		-	-	26 098	43 612	43 861	45 213	-	45 383	48 106	50 993
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	(120 017)	(283 448)	(300 077)	1 361 091	-	(279 373)	(303 005)	(322 609)
Finance charges		-	-	(12 712)	(18 115)	(22 002)	(70 702)	-	(12 002)	(12 722)	(13 485)
Transfers and Grants	1	-	-	(4)	(9)	(10)	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	(145 509)	(26 444)	(33 188)	2 419 484	-	182 342	186 789	191 453
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	(225 809)	-	-	(10 838 832)	-	-	-	-
Decrease (increase) other non-current receivables		-	-	(14 530)	-	-	(348 712)	-	-	-	-
Decrease (increase) in non-current investments		-	-	(1 341)	-	-	(32 178)	-	-	-	-
Payments											
Capital assets		-	-	956	(64 927)	(63 575)	86 755	-	(91 313)	(105 272)	(106 952)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	(240 723)	(64 927)	(63 575)	(11 132 966)	-	(91 313)	(105 272)	(106 952)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	6 791	-	-	322 578	-	-	-	-
Increase (decrease) in consumer deposits		-	-	1 592	-	-	39 408	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	8 384	-	-	361 986	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	(377 848)	(91 371)	(96 763)	(8 351 497)	-	91 028	81 517	84 501
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	-	91 028	172 545
Cash/cash equivalents at the year end:	2	-	-	(377 848)	(91 371)	(96 763)	(8 351 497)	-	91 028	172 545	257 046

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 13 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

FS193 Nketoana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	(377 848)	(91 371)	(96 763)	(8 351 497)	-	91 028	172 545	257 046
Other current investments > 90 days		-	-	391 666	(58 873)	(58 873)	8 580 778	-	(41 211)	(134 712)	(218 850)
Non current assets - Investments	1	-	-	1 341	-	-	32 178	-	-	-	-
Cash and investments available:		-	-	15 159	(150 244)	(155 635)	261 459	-	49 818	37 833	38 197
Application of cash and investments											
Unspent conditional transfers		-	-	(6 406)	-	-	(76 200)	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	371 922	(39 189)	(35 532)	(23 422 818)	-	51 015	54 076	57 320
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	365 516	(39 189)	(35 532)	(23 499 019)	-	51 015	54 076	57 320
Surplus(shortfall)		-	-	(350 357)	(111 055)	(120 103)	23 760 478	-	(1 197)	(16 243)	(19 123)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, and checking the 2018/2019 adjustment budget MTREF shortfall of 120 million it can be seen that the adopted 2019/2020 Annual Budget MTREF shortfall decreased to R1 million which the municipality will continue to work on until the budget is funded.

Table 14 MBRR Table A9 - Asset Management

Ref	2015/16	2016/17	2017/18	Current Year			2019/20			Medium Term Revenue & Expenditure Overview		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
CAPITAL EXPENDITURE												
Total New Assets	1	—	—	—	—	—	24 631	24 631	—	66 581	80 698	85 929
Roads Infrastructure							1 522	1 522	—	—	—	—
Storm water Infrastructure							1 547	1 547	—	172	—	—
Electrical Infrastructure							20 612	20 612	—	52 987	79 497	84 794
Water Supply Infrastructure							—	—	—	—	—	—
Sanitation Infrastructure							—	—	—	—	—	—
Solid Waste Infrastructure							—	—	—	—	—	—
Road Infrastructure							—	—	—	—	—	—
Coastal Infrastructure							—	—	—	—	—	—
Information and Communication Infrastructure							—	—	—	—	—	—
Community Facilities							23 687	23 687	—	53 760	70 407	83 793
Sport and Recreation Facilities							950	950	—	13 421	1 201	1 135
Community Assets							950	950	—	13 421	1 201	1 135
Heritage Assets							—	—	—	—	—	—
Revenue Generating							—	—	—	—	—	—
Non-revenue Generating							—	—	—	—	—	—
Investment properties							—	—	—	—	—	—
Operational Buildings							—	—	—	—	—	—
Housing							—	—	—	—	—	—
Other Assets							—	—	—	—	—	—
Biological or Cultivated Assets							—	—	—	—	—	—
Servitudes							—	—	—	—	—	—
Licences and Rights							—	—	—	—	—	—
Intangible Assets							—	—	—	—	—	—
Computer Equipment							—	—	—	—	—	—
Furniture and Office Equipment							—	—	—	—	—	—
Machinery and Equipment							—	—	—	—	—	—
Transport Assets							—	—	—	—	—	—
Land							—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals							—	—	—	—	—	—
Total Renewal of Existing Assets	2	—	—	—	—	—	—	—	—	—	—	—
Roads Infrastructure							40 294	38 944	—	24 732	24 574	21 022
Storm water Infrastructure							7 046	5 694	—	13 999	3 861	8 925
Electrical Infrastructure							—	—	—	—	—	—
Water Supply Infrastructure							2 531	2 531	—	4 278	2 877	2 744
Sanitation Infrastructure							20 279	20 279	—	1 575	15 425	5 231
Solid Waste Infrastructure							9 760	9 760	—	—	—	—
Rail Infrastructure							—	—	—	—	—	—
Coastal Infrastructure							—	—	—	—	—	—
Information and Communication Infrastructure							—	—	—	—	—	—
Community Facilities							—	—	—	—	—	—
Sport and Recreation Facilities							255	255	—	—	—	—
Community Assets							255	255	—	—	—	—
Heritage Assets							—	—	—	—	—	—
Revenue Generating							—	—	—	—	—	—
Non-revenue Generating							—	—	—	—	—	—
Investment properties							—	—	—	—	—	—
Operational Buildings							425	425	—	4 879	2 471	4 122
Housing							425	425	—	4 879	2 471	4 122
Other Assets							—	—	—	—	—	—
Biological or Cultivated Assets							—	—	—	—	—	—
Servitudes							—	—	—	—	—	—
Licences and Rights							—	—	—	—	—	—
Intangible Assets							—	—	—	—	—	—
Computer Equipment							—	—	—	—	—	—
Furniture and Office Equipment							—	—	—	—	—	—
Machinery and Equipment							—	—	—	—	—	—
Transport Assets							—	—	—	—	—	—
Land							—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals							—	—	—	—	—	—
Total Upgrading of Existing Assets	6	—	—	—	—	—	63 297	38 264	—	19 853	22 703	16 997
Roads Infrastructure							—	—	—	—	—	—
Storm water Infrastructure							—	—	—	—	—	—
Electrical Infrastructure							—	—	—	—	—	—
Water Supply Infrastructure							2 531	2 531	—	4 278	2 877	2 744
Sanitation Infrastructure							20 279	20 279	—	1 575	15 425	5 231
Solid Waste Infrastructure							9 760	9 760	—	1 575	15 425	5 231
Rail Infrastructure							—	—	—	—	—	—
Coastal Infrastructure							—	—	—	—	—	—
Information and Communication Infrastructure							—	—	—	—	—	—
Community Facilities							—	—	—	—	—	—
Sport and Recreation Facilities							1 205	1 205	—	13 421	1 201	1 135
Community Assets							1 205	1 205	—	13 421	1 201	1 135
Heritage Assets							—	—	—	—	—	—
Revenue Generating							—	—	—	—	—	—
Non-revenue Generating							—	—	—	—	—	—
Investment properties							—	—	—	—	—	—
Operational Buildings							425	425	—	4 879	2 471	4 122
Housing							425	425	—	4 879	2 471	4 122
Other Assets							—	—	—	—	—	—
Biological or Cultivated Assets							—	—	—	—	—	—
Servitudes							—	—	—	—	—	—
Licences and Rights							—	—	—	—	—	—
Intangible Assets							—	—	—	—	—	—
Computer Equipment							—	—	—	—	—	—
Furniture and Office Equipment							—	—	—	—	—	—
Machinery and Equipment							—	—	—	—	—	—
Transport Assets							—	—	—	—	—	—
Land							—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals							—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class		—	—	—	—	—	64 927	63 575	—	91 313	105 272	106 952
ASSET REGISTER - SUMMARY - PPE (WWDV)	5	—	—	—	—	—	—	—	—	—	—	—
Roads Infrastructure							70 694	70 257	—	41 721	44 224	46 878
Storm water Infrastructure							58 873	58 873	—	41 211	43 683	46 304
Electrical Infrastructure							11 821	11 384	—	510	541	573
Water Supply Infrastructure							2 529	1 909	—	—	—	—
Sanitation Infrastructure							—	928	—	—	—	—
Solid Waste Infrastructure							1 500	2 570	—	—	—	—
Rail Infrastructure							100	200	—	—	—	—
Coastal Infrastructure							—	—	—	—	—	—
Information and Communication Infrastructure							4 203	5 693	—	—	—	—
Community Facilities							—	—	—	—	—	—
Sport and Recreation Facilities							300	558	—	—	—	—
Community Assets							80	40	—	—	—	—
Heritage Assets							—	500	—	—	—	—
Revenue Generating							—	—	—	—	—	—
Non-revenue Generating							—	—	—	—	—	—
Investment properties							—	—	—	—	—	—
Operational Buildings							300	498	—	—	—	—
Housing							—	—	—	—	—	—
Other Assets							—	—	—	—	—	—
Biological or Cultivated Assets							—	—	—	—	—	—
Servitudes							—	—	—	—	—	—
Licences and Rights							—	—	—	—	—	—
Intangible Assets							—	—	—	—	—	—
Computer Equipment							—	—	—	—	—	—
Furniture and Office Equipment							—	—	—	—	—	—
Machinery and Equipment							—	—	—	—	—	—
Transport Assets							—	—	—	—	—	—
Land							—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals							—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WWDV)	5	—	—	—	—	—	70 694	70 257	—	41 721	44 224	46 878
EXpenditure Other Items	7	—	—	—	—	—	—	—	—	—	—	—
Repairs and Maintenance by Asset Class							—	—	—	—	—	—
Storm water Infrastructure							—	—	—	—	—	—
Electrical Infrastructure							—	—	—	—	—	—
Water Supply Infrastructure							—	—	—	—	—	—
Sanitation Infrastructure							—	—	—	—	—	—
Solid Waste Infrastructure							—	—	—	—	—	—
Rail Infrastructure							—	—	—	—	—	—
Coastal Infrastructure							—	—	—	—	—	—
Information and Communication Infrastructure							—	—	—	—	—	—
Community Facilities							—	—	—	—	—	—
Sport and Recreation Facilities							—	—	—	—	—	—
Community Assets							—	—	—	—	—	—
Heritage Assets							—	—	—	—	—	—
Revenue Generating							—	—	—	—	—	—
Non-revenue Generating							—	—	—	—	—	—
Investment properties							—	—	—	—	—	—
Operational Buildings							—	—	—	—	—	—
Housing							—	—	—	—	—	—
Other Assets							—	—	—	—	—	—
Biological or Cultivated Assets							—	—	—	—	—	—
Servitudes							—	—	—	—	—	—
Licences and Rights							—	—	—	—	—	—
Int												

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 15 MBRR Table A10 - Basic Service Delivery Measurement

FS193 Nketoana - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		8 202	8 366	8 533	9 045	9 588	10 163	10 672	11 205	11 765
Piped water inside yard (but not in dwelling)		2 232	2 254	2 299	2 437	2 584	2 739	2 876	3 019	3 170
Using public tap (at least min.service level)	2	1 083	1 094	1 116	1 183	1 254	1 329	1 395	1 465	1 538
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
		11 517	11 714	11 948	12 665	13 425	14 231	14 943	15 689	16 473
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		7 873	7 005	7 145	7 574	8 028	8 510	8 936	9 382	9 851
		7 873	7 005	7 145	7 574	8 028	8 510	8 936	9 382	9 851
Total number of households	5	19 390	18 719	19 094	20 239	21 454	22 741	23 879	25 071	26 324
Sanitation/sewage:										
Flush toilet (connected to sewerage)		14 322	15 597	15 909	16 863	17 875	18 948	19 895	20 890	21 935
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
		14 322	15 597	15 909	16 863	17 875	18 948	19 895	20 890	21 935
Bucket toilet	4 191	4 191	4 275	4 531	4 803	5 091	5 346	5 613	5 893	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
		4 191	4 191	4 275	4 531	4 803	5 091	5 346	5 613	5 893
Total number of households	5	18 513	19 788	20 184	21 395	22 678	24 039	25 241	26 503	27 828
Energy:										
Electricity (at least min.service level)		3 498	3 638	3 711	3 933	4 169	4 419	4 639	4 872	5 116
Electricity - prepaid (min.service level)		2 486	2 585	2 637	2 795	2 963	3 141	3 298	3 463	3 636
		5 984	6 223	6 348	6 729	7 132	7 560	7 937	8 335	8 752
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
		13 804	12 835	13 092	13 877	14 710	15 592	16 372	17 190	18 050
		13 804	12 835	13 092	13 877	14 710	15 592	16 372	17 190	18 050
Total number of households	5	19 788	19 058	19 440	20 606	21 842	23 153	24 309	25 525	26 802
Refuse:										
Removed at least once a week		14 402	14 975	15 275	16 191	17 162	18 192	17 866	17 886	17 886
		14 402	14 975	15 275	16 191	17 162	18 192	17 866	17 886	17 886
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		4 813	4 701	4 795	5 083	5 388	5 711	6 054	6 417	6 802
		4 813	4 701	4 795	5 083	5 388	5 711	6 054	6 417	6 802
Total number of households	5	19 215	19 676	20 070	21 274	22 550	23 903	23 920	24 303	24 688
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		4 773	6 181	6 500	7 000	7 200	7 600	5 364	5 364	5 364
Sanitation (free minimum level service)		4 773	6 181	6 500	7 000	7 200	7 600	5 364	5 364	5 364
Electricity/other energy (50kwh per household per month)		4 773	6 181	6 500	7 000	7 200	7 600	5 364	5 364	5 364
Refuse (removed at least once a week)		4 773	6 181	6 500	7 000	7 200	7 600	5 364	5 364	5 364
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)		20 000	20 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		103	109	109	109	109	116	100	100	100
Electricity (kwh per household per month)	50	53	53	53	53	53	56	50	50	50
Refuse (average litres per week)	85	89	89	89	89	94	100	100	100	100
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		780	827	827	827	876	876	929	985	1 044
Property rates (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided		780	827	827	827	876	876	929	985	1 044

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the Annual Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget Process Overview

BUDGET TIMELINE 2019/2020 Budget

Budget Activity	Timeline	Responsible Person
1. Situation Analysis / Data Collection of IDP 2018/2019	1 st September 2018 – 31 st December 2018	Manager IDP
2. Preparation of Budget Guidelines	1 st – 31 st October 2018	CFO
3. 1 st Quarter Budget Assessment Report	13 th October 2018	BTO
4. Budget Steering Committee Meeting	17 th October 2018	Mayor
5. 2 nd Quarter Budget Assessment Report and Submission of Half Yearly Budget Report.	18 th January 2019	BTO
6. Budget Steering Committee Meeting	23 rd January 2019	Mayor
7. Table 2018-2019 Mid Term Budget Performance and Assessment Report to Council.	25 th January 2019	Mayor
8. Mid Year Budget Performance Engagement – Provincial Treasury	January – February 2019	CFO/MM
9. Projects – Planning the Future	01 st – 28 th February 2019	Manager IDP
10. Table 2018-2019 Adjustment Budget to Council.	28 th February 2019	Mayor
11. Submit the 2019-2020 Draft Budget to the Mayor.	08 th – 15 th March 2019	CFO/MM
12. Budget Steering Committee Meeting	20 th March 2019	Mayor
13. Finalize the 2019-2020 Draft Budget	22 nd March 2019	CFO/MM
14. Council Meeting to Table the Draft Budget.	28 th March 2019	Mayor
15. Obtain Comments from the public on Draft Budget 2019/20	01 st -30 th April 2019	Mayor
16. Budget and Benchmark Assessment – Provincial Treasury	April - May 2019	CFO/MM
17. Budget Steering Committee Meeting	09 th May 2019	Mayor
18. Finalize budget and tariffs for 2019-2020	17 th May 2019	CFO/MM
19. Submit Final Draft budget 2019-2020 to the Mayor.	22 nd May 2019	MM
20. Table Final 2019-2020 Annual Budget for Approval	30 th May 2019	Mayor

There were no major deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.3 Community Consultation, IDP and Service Delivery and Budget Implementation Plan

The 2019/20 MTREF budget was tabled before council on 6 June 2019 after taking community's comments and inputs into consideration.

Communities were afforded an opportunity to comment on the planned projects in terms of sufficiency and economy. The community comments were noted and taken into account to the extent possible in the final budget.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 24 of the MFMA, to provide an opportunity for them to make inputs.

2.4 Overview of alignment of annual budget and IDP and strategic objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for Nketoana Local Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building clean, healthy, safe, and sustainable communities, financial viability, and sound institutional governance.

Local priorities were identified as part of the IDP review process, which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide water;
 - o Provide sanitation;
 - o Provide waste removal;
 - o Provide roads and storm water;
 - o Provide stands;
 - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with Police to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning.
- 4. Good governance, financial viability and institutional governance:
 - Reviewing the use of contracted services;
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan;
 - Publishing the outcomes of all tender processes on the municipal website;
 - To create financially sustainable and accountable municipality.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 16 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue.

FS193 Nketoana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective R thousand	Goal	Goal Code Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Local Economic Development	To create employment opportunities in the Nketbana					4 460	2 739	–	1 560	2 609	2 776	
Urban Planning	To ensure an effective urban planning that will promote proper spatial planning to address sustainable development and social cohesion					1 862	2 876	–	2 386	2 530	2 681	
Institutional Building	To facilitate institutional transformation and development in the Nketoana local municipality					8 616	12 899		15 350	16 271	19 703	
Municipal Financial viability and Management	To monitor, evaluate and improve the financial viability of the Nketbana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001				102 593	89 412	90 582	200 510	96 887	97 388	102 976	
Traffic and Parking	To ensure effective traffic management and parking in the Nketbana municipal area					59	700	107	109	205	217	230
Sanitation	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2020					13 829	60 650	60 084	23 223	31 788	47 450	39 179
Refuse Removal	To ensure that all households in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area					13 877	33 935	33 214	23 376	36 072	35 902	38 056
Electricity Reticulation	To Ensure that 100% of households in Nketbana Municipal area have access to electricity					27 627	59 941	52 652	47 931	55 079	58 201	61 693
Water	To ensure that 100% of households in formal and informal settlement in the Nketoana Municipal area have access to basic level of water					30 300	116 139	98 245	50 082	143 347	169 519	179 848
Municipal Roads and Storm Water	To ensure that the Internal Roads in the Nketoana Municipal area are maintained and/ upgraded to facilitate						16 561	16 026	–	22 768	13 081	18 771
Parks and Cemeteries	To ensure effective management of graveyards and cemeteries in the Nketoana Municipal area					308	4 662	4 426	600	4 590	4 865	5 157
Sport and Recreational Facilities	To ensure access to quality sport and recreational facilities in the Nketoana municipal area					4	3 564	1 773	7	13 871	1 678	506
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	188 596	400 502	375 622	345 839	423 903	449 712	471 576

Table 17 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.

FS193 Nketoana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective R thousand	Goal	Goal Code Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Local Economic Development	To create employment opportunities in the Nketbana				624	2 697	2 734	1 435	1 788	1 912	2 045
Urban Planning	To ensure an effective urban planning that will promote proper spatial planning to address sustainable				698	2 683	2 887	1 873	1 941	2 076	2 220
Institutional Building	To facilitate institutional transformation and development in the Nketoana				9 146	29 892	25 818	18 501	24 322	26 006	27 808
Municipal Financial viability and Management	To monitor, evaluate and improve the financial viability of the Nketbana local				27 850	64 901	69 165	51 754	56 333	59 935	63 769
Traffic and Parking	To ensure effective traffic management and parking in the Nketoana municipal area				1 556	7 051	6 687	5 091	18 174	19 437	20 788
Sanitation	To ensure that 100% of households in formal settlements in the Nketoana				10 609	25 279	27 449	18 356	23 682	25 199	26 812
Refuse Removal	To ensure that all households in urban areas have access to waste removal according to				9 714	24 731	21 089	16 967	24 744	26 380	28 125
Electricity Reticulation	To Ensure that 100% of households in Nketbana Municipal area have access				47 152	87 415	98 650	83 669	84 965	90 126	95 602
Water	To ensure that 100% of households in formal and informal settlement in the				25 360	50 500	58 856	44 510	52 303	61 199	65 107
Municipal Roads and Storm Water	To ensure that the Internal Roads in the Nketbana Municipal area are maintained				3 763	46 142	45 470	9 693	34 854	37 026	39 336
Parks and Cemeteries	To ensure effective management of graveyards and cemeteries in the Nketoana				5 533	18 592	21 589	15 687	9 259	9 879	10 540
Sport and Recreational Facilities	To ensure access to quality sport and recreational facilities in the Nketbana municipal				112	562	568	256	220	234	248
Allocations to other priorities											
Total Expenditure			1	-	142 118	360 444	380 962	267 791	332 586	359 410	382 399

Table 18 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.

FS193 Nketoana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective R thousand	Goal	Goal Code Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Local Economic Development	To create employment opportunities in the Nketoana	A									
Urban Planning	To ensure an effective urban planning that will promote proper spatial planning to	B									
		C									
Institutional Building	To facilitate institutional transformation and development in the Nketoana	D									
		E									
Municipal Financial viability and Management	To monitor, evaluate and improve the financial viability of the Nketoana local	F									
Traffic and Parking	To ensure effective traffic management and parking in the Nketoana municipal area	G									
		H									
Sanitation	To ensure that 100% of households in formal settlements in the Nketoana	I				30 039	30 039	30 039	1 575	15 425	5 231
		J									
Refuse Removal	To ensure that all households in urban areas have access to waste removal according to	K			1 912	425	425	425	–	1 400	3 051
Electricity Reticulation	To Ensure that 100% of households in Nketoana Municipal area have access	L				1 547	1 547	1 547	172		
Water	To ensure that 100% of households in formal and informal settlement in the	M				23 143	23 143	23 143	62 145	83 445	88 609
Municipal Roads and Storm Water	To ensure that the Internal Roads in the Nketoana Municipal area are maintained	N				8 568	7 216	7 216	13 999	3 801	8 925
Parks and Cemeteries	To ensure effective management of graveyards and cemeteries in the Nketoana	O									
Sport and Recreational Facilities	To ensure access to quality sport and recreational facilities in the Nketoana municipal	P				1 205	1 205	1 205	13 421	1 201	1 135
Allocations to other priorities		3									
Total Capital Expenditure		1	–	–	1 912	64 927	63 575	63 575	91 313	105 272	106 952

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with Legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the intergraded planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance, which in turn is directly linked to the HOD's performance.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- ❖ Planning (setting goals, objectives, targets and benchmarks);
- ❖ Monitoring (regular monitoring and checking on the progress against plan);
- ❖ Measurement (indicators of success);
- ❖ Review (identifying areas requiring change and improvement);
- ❖ Reporting (what information, to whom, from whom, how often and for what purpose); and
- ❖ Improvement (making changes where necessary).

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 19 MBRR Table SA7 - Measurable performance objectives

FS193 Nketoana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXECUTIVE AND COUNCIL	To ensure good									
Municipal Manager		0.5%	2.5%	3.0%	3.2%	3.2%	3.2%	3.3%	3.5%	3.8%
Speakers office										
Mayors office										
FINANCE AND ADMIN	To monitor, evaluate and	11.0%	13.0%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	14.6%
Finance										
Corporate services										
COMMUNITY SERVICES AND SOCIAL	Routine maintainance of	1.0%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.4%
Parks and Cemetery										
Traffic and fire services										
Sports										
other community anf social		0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
SOLID WASTE MANAGEMENT	Number of credible	7.0%	2.5%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.8%
Refuse removal		0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
LOCAL ECONOMIC DEVELOPMENT	Number of job	0.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.6%
Economic Development										
Tourism										
ROADS AND STROM WATER	Number of projects									
Roads		0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
Stormwater		0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
WATER	Number of households	0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
Water										
ELECTRICITY	Number of households	21.0%								
Electricity										
WASTE MANAGEMENT	Number of households	0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
Waste Water Management		0.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%
HOUSING	Number of credible	0.7%	2.7%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	3.0%
Urban and planning and housing										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 20 MBRR Table SA8 - Performance indicators and benchmarks

FS193 Nketoana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Borrowing Management												
Credit Rating												
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	8.9%	5.0%	5.8%	15.6%	0.0%	3.6%	3.5%	3.5%	
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	10.2%	7.4%	10.0%	19.2%	0.0%	5.5%	5.5%	5.5%	
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	355.1%	0.0%	0.0%	507.4%	0.0%	0.0%	0.0%	0.0%	
Safety of Capital												
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.3%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	
Liquidity												
Current Ratio	Current assets/current liabilities	-	-	(0.3)	-	-	1.9	-	-	-	-	
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	(0.3)	-	-	1.9	-	-	-	-	
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	0.0	-	-	(1.8)	-	-	-	-	
Revenue Management												
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing			0.0%	0.0%	-357.6%	30.5%	45.3%	-691.9%	0.0%	129.5%	
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	-107.9%	30.5%	45.3%	2840.2%	0.0%	129.5%	129.5%	129.5%	
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	61.8%	34.8%	25.8%	1636.5%	0.0%	-15.0%	-15.3%	-15.2%	
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old											
Creditors Management												
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))											
Creditors to Cash and Investments		0.0%	0.0%	-72.8%	0.0%	0.0%	4.9%	0.0%	0.0%	0.0%	0.0%	
Other Indicators												
Electricity Distribution Losses (2)	Total Volume Losses (kW)											
	Total Cost of Losses (Rand '000)											
	% Volume (units purchased and generated less units sold)/units purchased and generated											
Water Distribution Losses (2)	Total Volume Losses (kL)											
	Total Cost of Losses (Rand '000)											
	% Volume (units purchased and generated less units sold)/units purchased and generated											
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	17.4%	32.8%	37.0%	14.3%	0.0%	34.5%	37.2%	37.3%	
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	3.3%	3.4%	0.0%		0.2%	0.2%	0.2%	
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	6.8%	21.4%	24.1%	11.2%	0.0%	16.1%	16.4%	16.3%	
IDP regulation financial viability indicators												
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	2.9	5.6	5.6	5.6	-	4.6	4.6	4.8	
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	0.0%	0.0%	-113.8%	69.2%	54.5%	-155.6%	0.0%	-29.3%	-29.3%	-29.3%	
iii. Cost coverage		-	-	(32.4)	(3.7)	(3.7)	(223.8)	-	4.1	7.2	10.1	

2.6 Overview of budget related-policies

The Nketoana's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- **Credit control and debt collection Policy**

It was also brought to the attention of the Council that outstanding debt (excluding rates that expires after 30 years), do expire after three (3) years under certain conditions.

A workshop was held by the Council and Management on, inter alia, the Revenue Policies. All approved policies were accepted by Council except for the postponement of the implementation of the 30/70% debt collection via the pre-paid electricity system as per the Credit Control and Debt Collection policy. The latest changes on the policies/by-laws were tabled to in Council on 31 March 2019.

- **Fixed Asset Management Policy**

The utilization and management of property, plant and equipment is the prime mechanism by which a municipality can fulfil its constitutional mandates for:

- ✓ Delivery of sustainable services,
- ✓ Social and economic development,
- ✓ Promoting safe and healthy environments; and
- ✓ Providing the basic needs to the community.

As trustees on behalf of the local community, the municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in property, plant and equipment.

- **Supply Chain Management Policy**

The Supply Chain Management Policy was tabled in Council in March 2019. There was also another policy which was tabled with the SCM Policy which is the SCM Policy for Infrastructure & Delivery Management

MFMA Circular No 77: Model SCM Policy for Infrastructure Delivery Management provides guidance to municipalities and municipal entities on the establishment of a suitable supply chain management system for infrastructure delivery which is better able to deliver value for money, while minimizing the scope for corruption.

- **Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Nketoana's system of delegations. The Budget and Virement Policy was tabled in Council for review in March 2019 in respect of both Operating and Capital Budget Fund Transfers.

- **Banking and Investment Policy**

The Nketoana's banking and Investment Policy was also tabled in Council in March 2019. The aim of the policy is to ensure that the Nketoana's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

- **Tariff Policy**

The Nketoana's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

- **Indigent Policy**

The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the council and to provide procedures and guidelines for the subsidization of basic service (s) charges to its indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines.

- **Property Rates Policy**

This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy. Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

All the above budget related policies were taken to council for approval as well as the following:

- Car allowance;
- Cell phone allowance;
- Donations;
- Expenditure;
- Free Basic Waste;

- Leave;
- Overtime;
- Principles and Policy on writing off of irrecoverable debt, unallocated revenue and impairment;
- Study Grant;
- Travel and subsistence; and
- Working hours.

2.7 Overview of budget assumptions

Key budget assumptions municipality used is as follows:

- The municipality is expected to budget based on its strength to collect revenue
- Repairs and Maintenance as this will assist in the life span of an asset
- Refrain from budgeting for luxury furniture and non-priorities such as excessive catering (MFMA circular 82)
- Increase the labour force by way of implementing EPWP programmes
- CPI 5.6% MFMA circular 93
- New tariffs have been proposed by the departments and they are also going to be provided with targets in order to ensure proper implementation of tariffs
- The municipality is going to consider the possibility of buying the new Compact Track and TLB in an effort to decrease contracted costs.
- The electricity tariffs have been applied for at Nersa at the 13.02 percentage increase.
- The municipality has established the cash flow committee in an effort to properly manage the payments being made and ensure that there are no critical supplier not being paid.
- The municipality is anticipating to reach the 65 percent collection on the 2019/2020 financial year.
- There is also a system of debt collection the municipality bought which is going to be assisting with the debt collection. The system will assist the municipality by issuing final notice to summons and will also be in showing how much the municipality will be collecting from outstanding debt.

2.8 Overview of budget funding

Operational budget allocation, there is an estimated Unconditional grant (equitable share) of R97 million for 2019/20 financial year, Financial Management grant of R2 million and EPWP of R1 million the municipality increased it to R2 million we are expecting to increase employment targets of the EPWP workers.

The municipality is also expecting R6 million from DBSA, R3.9 million from COGTA and R300 thousands from LGSETA and this figure are also included into our budget.

Capital budget; funded by MIG of R38 million, WSIG R4 million and RBIG of R50 million.

The tables below provide detail investment information and investment particulars by maturity.

Table 21 MBRR SA15 – Detail Investment Information

FS193 Nketoana - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		7 988	21 356	16 167	1 835	1 835	1 835	1 338	2 232	2 286
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	7 988	21 356	16 167	1 835	1 835	1 835	1 338	2 232	2 286
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		7 988	21 356	16 167	1 835	1 835	1 835	1 338	2 232	2 286

Table 22 MBRR SA16 – Investment particulars by maturity

FS193 Nketoana - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate »	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
													Investment Top Up	
Parent municipality														
STANDARD BANK		Continued	LONG TERM	NO	VARIABLE RATE	0.0815	0	0	FIXED	27	0			27
VKB		Continued	LONG TERM	NO	VARIABLE RATE	0.05	0	0	CALL	332				332
VKB		Continued	LONG TERM	NO	VARIABLE RATE	0.05	0	0	FIXED	121				121
VKB		Continued	LONG TERM	NO	VARIABLE RATE	0.05	0	0	CALL	97	1			97
ABSA		Continued	SHORT-TERM	NO	VARIABLE RATE	0.065	0	0	CALL	3 828	10	(3 700)		138
VKB		Continued	SHORT-TERM	NO	VARIABLE RATE	0.05	0	0	CALL	613	4			616
VKN		Continued	SHARES	NO	VARIABLE RATE	0.05	0	0	FIXED	5				5
Municipality sub-total										5 024		(3 700)		1 338
Entities														
Entities sub-total														
TOTAL INVESTMENTS AND INTEREST	1									-		-	-	-
										5 024		(3 700)		1 338

The following table is a detailed analysis of the municipality's borrowing liability.

Table 23 MBRR Table SA 17 - Detail of borrowings

FS193 Nketoana - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Parent municipality</u>										
Annuity and Bullet Loans		8 274	7 829	7 986	6 903	6 903	6 903	6 872	7 284	7 721
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	8 274	7 829	7 986	6 903	6 903	6 903	6 872	7 284	7 721
<u>Entities</u>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	8 274	7 829	7 986	6 903	6 903	6 903	6 872	7 284	7 721

Table 24 MBRR Table SA 18 - Capital transfers and grant receipts

FS193 Nketoana - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:										
Local Government Equitable Share		-	-	63 422	115 319	115 063	264 752	101 529	107 291	115 939
		-	-	50 913	87 568	87 543	233 448	97 092	104 624	113 008
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	12 509	27 751	27 520	31 304	4 437	2 667	2 931
Provincial Government:		-	-	-	-	-	-	3 900	4 134	4 382
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	3 900	4 134	4 382
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	6 300	318	337
[insert description]		-	-	-	-	-	-	6 300	318	337
Total Operating Transfers and Grants	5	-	-	63 422	115 319	115 063	264 752	111 729	111 743	120 658
<u>Capital Transfers and Grants</u>										
National Government:										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	851	40 000	40 000	3 405	92 582	105 202	104 185
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	851	40 000	40 000	3 405	92 582	105 202	104 185
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	851	40 000	40 000	3 405	92 582	105 202	104 185
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	64 273	155 319	155 063	268 158	204 311	216 945	224 843

2.9 Councillor and employee benefits

Table 25 MBRR SA22 - Summary of councilor and staff benefits

FS193 Nketoana - Supporting Table SA22 Summary councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		–	–	–	–	–	–	4 627	4 951	5 298
Pension and UIF Contributions		–	–	–	–	–	–	122	130	139
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	–	–	19	795	851	910
Cellphone Allowance		–	–	–	–	–	–	802	858	918
Housing Allowances		–	–	–	–	–	–	11	12	12
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		–	–	–	–	–	19	6 357	6 802	7 278
% increase	4						–	33 953.9%	7.0%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	–	–	–	–	–
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	–	–	–	–	–	–	–	–
% increase	4						–	–	–	–
Other Municipal Staff										
Basic Salaries and Wages		–	–	28 108	98 238	105 593	77 698	98 320	110 793	118 549
Pension and UIF Contributions		–	–	195	750	781	518	814	871	932
Medical Aid Contributions		–	–	438	2 960	2 211	1 396	2 776	2 970	3 178
Overtime		–	–	916	5 621	3 737	2 712	1 861	1 991	2 131
Performance Bonus		–	–	1 131	4 712	4 253	3 025	6 490	7 003	7 557
Motor Vehicle Allowance	3	–	–	1 521	4 656	6 084	4 075	2 741	2 933	3 138
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	366	1 450	1 529	1 031	1 453	1 555	1 664
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		–	–	32 675	118 387	124 187	90 455	114 454	128 116	137 148
% increase	4			–	262.3%	4.9%	(27.2%)	26.5%	11.9%	7.0%
Total Parent Municipality		–	–	32 675	118 387	124 187	90 474	120 811	134 918	144 426
				–	262.3%	4.9%	(27.1%)	33.5%	11.7%	7.0%

Table 26 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)

FS193 Nketoana - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		500 093	6 863	258 202			765 158
Chief Whip			261 752	3 740	156 128			421 620
Executive Mayor or			666 423	8 511	311 352			986 286
Deputy Executive Mayor or								-
Executive Committee								-
Total for all other councillors			3 198 786	164 903	1 729 706			5 093 395
Total Councillors	8	-	4 627 054	184 017	2 455 388			7 266 459
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 186 366	15 353	271 383			1 473 102
Chief Finance Officer			974 540	11 834	184 996			1 171 370
Director Corporate Services			934 941	12 986	184 156			1 132 083
Director Community Services			907 113	10 560	100 911			1 018 584
Director Infrastructure Services			580 549	7 920	242 847			831 316
<i>List of each official with packages >= senior manager</i>								-
Manager IDP and PMS			359 770	134 253	97 120			591 143
Manager Internal Audit and Risk management			455 099	53 538	47 817			556 454
Manager Budget and Treasury			152 229	60 094	289 074			501 397
Manager Income			359 770	126 512	163 810			650 092
Manager Expenditure			359 771	113 921	151 036			624 728
Manager Supply Chain			359 771	111 524	157 638			628 933
Manager LED			404 680	98 363	154 038			657 081
Manager Tourism								-
Manager Records								-
Manager Human Resources			359 771	107 485	222 650			689 906
Manager Parks and Cemetery and Solid waste			359 770	107 221	199 403			666 394
Manager Waste Water and Water			359 771	85 900	135 898			581 569
Manager Electricity			359 770	71 061	261 208			692 039
Total Senior Managers of the Municipality	8,10	-	8 473 682	1 128 524	2 863 985	-		12 466 191
A Heading for Each Entity	6,7							
List each member of board by designation								
Manager Urban and Planning			359 770	136 725	154 236			650 731
Manager Roads			407 361	6 028	16 800			430 189
Manager Traffic, Fire and Safety			359 770	121 438	208 736			689 944
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	1 126 902	264 191	379 772	-		1 770 865
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	14 227 637	1 576 732	5 699 145	-		21 503 515

Table 27 MBRR SA24 – Summary of personnel numbers

FS193 Nketoana - Supporting Table SA24 Summary of personnel numbers

Number	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees
Municipal Council and Boards of Municipal Entities										
Councilors (Political Office Bearers plus Other Councillors)	4		18	–	18	18	–	18	18	–
Board Members of municipal entities	5								–	18
Municipal employees										
Municipal Manager and Senior Managers	3		5	–	3	5	–	3	5	–
Other Managers	7		16	13	1	16	13	1	19	13
Professionals			8	3	1	8	3	1	29	25
Finance			3	1	–	3	1	–	9	8
Spatial/town planning			–	–	–	–	–	–	1	–
Information Technology			1	–	–	1	–	–	1	–
Roads			–	–	–	–	–	–	1	–
Electricity			1	1	–	1	1	–	1	1
Water			3	1	1	3	1	1	–	–
Sanitation			–	–	–	–	–	–	–	–
Refuse			–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	16	16
Technicians			30	19	6	30	19	6	119	74
Finance			3	2	–	3	2	–	27	21
Spatial/town planning			1	–	–	1	–	–	8	3
Information Technology			–	–	–	–	–	–	3	1
Roads			–	–	–	–	–	–	4	3
Electricity			6	1	6	6	1	6	16	12
Water			4	5	–	4	5	–	57	30
Sanitation			5	3	–	5	3	–	–	1
Refuse			8	6	–	8	6	–	4	4
Other			3	2	–	3	2	–	–	–
Clerks (Clerical and administrative)			61	59	16	61	59	16	39	17
Service and sales workers			14	65	–	14	65	–	40	64
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators			56	41		56	41		42	20
Elementary Occupations			516	291	208	604	467	208	353	237
TOTAL PERSONNEL NUMBERS	9		724	491	253	812	667	253	664	450
% increase						12.2%	35.8%	–	(18.2%)	(32.5%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.10 Monthly targets for revenue, expenditure and cash flow

Table 28 MBRR SA25 - Budgeted monthly revenue and expenditure

FS193 Nketoana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Revenue By Source																	
Property rates		1 650	1 650	1 650	1 650	1 650	1 650	1 650	1 650	1 650	1 650	1 650	1 650	19 803	20 991	22 250	
Service charges - electricity revenue		4 317	4 317	4 317	4 317	4 317	4 317	4 317	4 317	4 317	4 317	4 317	4 317	51 803	54 911	58 206	
Service charges - water revenue		4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	49 411	52 375	55 518	
Service charges - sanitation revenue		1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	23 443	24 850	26 341	
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	24 567	24 567	27 603	
Rental of facilities and equipment		80	80	80	80	80	80	80	80	80	80	80	80	80	965	1 023	1 084
Interest earned - external investments		70	70	70	70	70	70	70	70	70	70	70	70	70	844	894	948
Interest earned - outstanding debtors		3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	44 540	47 212	50 045	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		17	17	17	17	17	17	17	17	17	17	17	17	17	205	217	230
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies		9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	111 729	111 743	120 658	
Other revenue		334	334	334	334	334	334	334	334	334	334	334	334	4 013	4 254	4 509	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		25 563	25 563	25 563	25 563	25 563	25 563	25 563	25 563	25 563	25 563	25 563	25 563	50 129	331 321	344 510	367 391
Expenditure By Type																	
Employee related costs		9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	114 454	128 116	137 148	
Remuneration of councillors		530	530	530	530	530	530	530	530	530	530	530	530	6 357	6 802	7 278	
Debt impairment		3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	41 688	44 190	46 841	
Depreciation & asset impairment		3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	3 434	41 211	43 683	46 304	
Finance charges		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 002	12 722	13 485	
Bulk purchases		4 909	4 909	4 909	4 909	4 909	4 909	4 909	4 909	4 909	4 909	4 909	4 909	56 912	62 447	66 194	
Other materials		942	942	942	942	942	942	942	942	942	942	942	942	11 307	11 986	12 705	
Contracted services		3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	(28 689)	14 078	14 922	15 818
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		-	-	-	-	-	-	-	-	-	-	-	-	32 577	32 577	34 542	36 626
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	332 586	359 410	382 399	
Surplus/(Deficit)																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	(2 153)	22 414	(1 265)	(14 900)	(15 007)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	92 582	105 202	104 185	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	30 129	91 317	90 302	89 177
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	5 563	30 129	91 317	90 302	89 177

Table 27 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

FS193 Nketoana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue by Vote																
Vote 1 - Vote 1 : Executive and Council		1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	15 350	16 271	17 247
Vote 2 - Vote 2 : Finance and Administration		7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	94 701	95 071	102 976
Vote 3 - Vote 3 : Community Services		1 738	1 738	1 738	1 738	1 738	1 738	1 738	1 738	1 738	1 738	1 738	1 738	20 851	9 077	8 348
Vote 4 - Vote 4 : Waste Management		3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	36 072	35 902	38 056
Vote 5 - Vote 5 : Local Economic Development		130	130	130	130	130	130	130	130	130	130	130	130	1 560	2 609	2 776
Vote 6 - Vote 6 : Roads Transport		1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 768	13 081	18 771
Vote 7 - Vote 7 : Water		11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	143 347	169 519	179 848
Vote 8 - Vote 8 : Electricity		4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	55 079	58 201	61 693
Vote 9 - Vote 9 : Waste Water		2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	31 788	47 450	39 179
Vote 10 - Vote 10 : Housing		199	199	199	199	199	199	199	199	199	199	199	199	2 386	2 530	2 681
Vote 11 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	423 903	449 712	471 576
Expenditure by Vote to be appropriated																
Vote 1 - Vote 1 : Executive and Council		2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	24 322	26 006	27 808
Vote 2 - Vote 2 : Finance and Administration		4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	54 302	57 769	61 460
Vote 3 - Vote 3 : Community Services		2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	29 684	31 715	33 885
Vote 4 - Vote 4 : Waste Management		2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	24 744	26 380	28 125
Vote 5 - Vote 5 : Local Economic Development		149	149	149	149	149	149	149	149	149	149	149	149	1 788	1 912	2 045
Vote 6 - Vote 6 : Roads Transport		2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	34 854	37 026	39 336
Vote 7 - Vote 7 : Water		4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	52 303	61 199	65 107
Vote 8 - Vote 8 : Electricity		7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	84 965	90 126	95 602
Vote 9 - Vote 9 : Waste Water		1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	23 682	25 199	26 812
Vote 10 - Vote 10 : Housing		162	162	162	162	162	162	162	162	162	162	162	162	1 941	2 076	2 220
Vote 11 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	332 586	359 410	382 399
Surplus/(Deficit) before assoc.		7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	91 317	90 302	89 177
Taxation		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	-	-	-
Attributable to minorities		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	-	-	-
Share of surplus/ (deficit) of associate		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	-	-	-
Surplus/(Deficit)	1	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	91 317	90 302	89 177

Table 28 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

FS193 Nketoana - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand																	
Revenue - Functional																	
<i>Governance and administration</i>		9 171	9 171	9 171	9 171	9 171	9 171	9 171	9 171	9 171	9 171	9 171	9 171	110 051	111 342	120 223	
Executive and council	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	15 350	16 271	17 247	
Finance and administration	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	7 892	94 701	95 071	102 976	
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>	1 936	1 936	1 936	1 936	1 936	1 936	1 936	1 936	1 936	1 936	1 936	1 936	1 936	23 238	21 606	11 030	
Community and social services	182	182	182	182	182	182	182	182	182	182	182	182	182	2 186	2 317	2 456	
Sport and recreation	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	18 461	6 543	5 662	
Public safety	17	17	17	17	17	17	17	17	17	17	17	17	17	17	205	217	230
Housing	199	199	199	199	199	199	199	199	199	199	199	199	199	2 386	2 530	2 681	
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	24 268	14 671	20 456	
Planning and development	125	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 590	1 685	
Road transport	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 768	13 081	18 771	
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>	22 191	22 191	22 191	22 191	22 191	22 191	22 191	22 191	22 191	22 191	22 191	22 191	22 191	266 286	311 072	318 776	
Energy sources	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	55 079	58 201	61 693	
Water management	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	11 946	143 347	169 519	179 848	
Waste water management	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	2 649	31 788	47 450	39 179	
Waste management	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	3 006	36 072	35 902	38 056	
Other	5	5	5	5	5	5	5	5	5	5	5	5	5	60	1 019	1 091	
Total Revenue - Functional	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	35 325	423 903	449 712	471 576	
Expenditure - Functional																	
<i>Governance and administration</i>	6 552	6 552	6 552	6 552	6 552	6 552	6 552	6 552	6 552	6 552	6 552	6 552	6 552	78 624	83 776	89 267	
Executive and council	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	2 027	24 322	26 006	27 808	
Finance and administration	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	4 525	54 302	57 769	61 460	
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 626	33 791	36 105	
Community and social services	169	169	169	169	169	169	169	169	169	169	169	169	169	2 031	2 166	2 310	
Sport and recreation	790	790	790	790	790	790	790	790	790	790	790	790	790	9 479	10 112	10 787	
Public safety	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	1 514	18 174	19 437	20 788
Housing	162	162	162	162	162	162	162	162	162	162	162	162	162	1 941	2 076	2 220	
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>	3 053	3 053	3 053	3 053	3 053	3 053	3 053	3 053	3 053	3 053	3 053	3 053	3 053	36 642	38 939	41 380	
Planning and development	149	149	149	149	149	149	149	149	149	149	149	149	149	1 788	1 912	2 045	
Road transport	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	2 904	34 854	37 026	39 336	
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>	15 474	15 474	15 474	15 474	15 474	15 474	15 474	15 474	15 474	15 474	15 474	15 474	15 474	185 694	202 904	215 446	
Energy sources	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	7 080	84 965	90 126	95 602	
Water management	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	4 359	52 303	61 199	65 107	
Waste water management	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	23 682	25 199	26 812	
Waste management	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	24 744	26 380	28 125	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure - Functional	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	27 715	332 586	359 410	382 399	
Surplus/(Deficit) before assoc.	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	91 317	90 302	89 177	
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)	1	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	7 610	91 317	90 302	89 177	

Table 29 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

FS193 Nketoana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Multi-year expenditure to be appropriated</u>	1															
Vote 1 - Vote 1 : Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 : Finance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 : Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4 : Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 : Local Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 : Roads Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7 : Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8 : Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Vote 9 : Waste Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10 : Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital multi-year expenditure sub-total</u>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>																
Vote 1 - Vote 1 : Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 : Finance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 : Community Services	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	13 421	1 201	1 135
Vote 4 - Vote 4 : Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 400	3 051
Vote 5 - Vote 5 : Local Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 : Roads Transport	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	13 999	3 801	8 925
Vote 7 - Vote 7 : Water	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	62 145	83 445	88 609
Vote 8 - Vote 8 : Electricity	14	14	14	14	14	14	14	14	14	14	14	14	14	172	-	-
Vote 9 - Vote 9 : Waste Water	131	131	131	131	131	131	131	131	131	131	131	131	131	1 575	15 425	5 231
Vote 10 - Vote 10 : Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital single-year expenditure sub-total</u>	2	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	91 313	105 272	106 952
Total Capital Expenditure	2	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	91 313	105 272	106 952

Table 30 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

FS193 Nketoana - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand																	
Capital Expenditure - Functional	1																
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	13 421	1 201	1 135	
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sport and recreation		1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	13 421	1 201	1 135	
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	13 999	3 801	8 925	
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road transport		1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	13 999	3 801	8 925	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	5 324	63 893	100 270	96 891	
Energy sources		14	14	14	14	14	14	14	14	14	14	14	14	14	172	-	
Water management		5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	5 179	62 145	83 445	88 609
Waste water management		131	131	131	131	131	131	131	131	131	131	131	131	131	1 575	15 425	5 231
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	1 400	3 051	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	91 313	105 272	106 952	
Funded by:																	
National Government														91 313	91 313	105 272	106 952
Provincial Government														-	-	-	-
District Municipality														-	-	-	-
Other transfers and grants														-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	91 313	91 313	105 272	106 952
Borrowing														-	-	-	-
Internally generated funds														-	-	-	-
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	-	91 313	91 313	105 272	106 952

Table 31 MBRR SA30 - Budgeted monthly cash flow

FS193 Nketoana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source																
Property rates	1 693	1 693	1 693	1 693	1 693	1 693	1 693	1 693	1 693	1 693	1 693	1 693	1 693	20 312	21 531	22 823
Service charges - electricity revenue	8 426	8 426	8 426	8 426	8 426	8 426	8 426	8 426	8 426	8 426	8 426	8 426	8 426	101 107	107 173	113 604
Service charges - water revenue	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	49 411	52 375	55 518
Service charges - sanitation revenue	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	23 443	24 850	26 341
Service charges - refuse revenue	2 047	2 047	2 047	2 047	2 047	2 047	2 047	2 047	2 047	2 047	2 047	2 047	2 047	24 567	26 041	27 603
Rental of facilities and equipment	80	80	80	80	80	80	80	80	80	80	80	80	80	965	1 023	1 084
Interest earned - external investments	70	70	70	70	70	70	70	70	70	70	70	70	70	844	894	948
Interest earned - outstanding debtors	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	3 712	44 540	47 212	50 045
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	17	17	17	17	17	17	17	17	17	17	17	17	17	205	217	230
Licences and permits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	9 311	111 729	111 743	120 658
Other revenue	334	334	334	334	334	334	334	334	334	334	334	334	334	4 013	4 254	4 509
Total Cash Receipts by Source	31 761	31 761	31 761	31 761	31 761	31 761	31 761	31 761	31 761	31 761	31 761	31 761	31 761	381 135	397 313	423 362
Other Cash Flows by Source																
Transfer receipts - capital	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	7 715	92 582	105 202	104 185
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	39 476	39 476	39 476	39 476	39 476	39 476	39 476	39 476	39 476	39 476	39 476	39 476	39 476	473 717	502 515	527 547
Cash Payments by Type																
Employee related costs	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	9 538	114 454	128 116	137 148
Remuneration of councillors	530	530	530	530	530	530	530	530	530	530	530	530	530	6 357	6 802	7 278
Finance charges	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 002	12 722	13 485
Bulk purchases - Electricity	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	58 412	61 917	65 632
Bulk purchases - Water & Sewer	42	42	42	42	42	42	42	42	42	42	42	42	42	500	530	562
Other materials	942	942	942	942	942	942	942	942	942	942	942	942	942	11 307	11 986	12 705
Contracted services	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	46 654	49 464	52 443
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	41 688	44 190	46 841
Cash Payments by Type	24 281	24 281	24 281	24 281	24 281	24 281	24 281	24 281	24 281	24 281	24 281	24 281	24 281	291 375	315 726	336 094
Other Cash Flows/Payments by Type																
Capital assets	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	7 609	91 313	105 272	106 952
Repayment of borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	31 891	31 891	31 891	31 891	31 891	31 891	31 891	31 891	31 891	31 891	31 891	31 891	31 891	382 688	420 998	443 046
NET INCREASE/(DECREASE) IN CASH HELD	7 586	7 586	7 586	7 586	7 586	7 586	7 586	7 586	7 586	7 586	7 586	7 586	7 586	91 028	81 517	84 501
Cash/cash equivalents at the month/year begin:	—	7 586	15 171	22 757	30 343	37 928	45 514	53 100	60 686	68 271	75 857	83 443	91 028	91 028	172 545	257 046
Cash/cash equivalents at the month/year end:	7 586	15 171	22 757	30 343	37 928	45 514	53 100	60 686	68 271	75 857	83 443	91 028	91 028	172 545	257 046	

2.11 Contracts having future budgetary implications

We anticipate spending 100% of Conditional grants allocated to the municipality

2.12 Capital Expenditure Details

The following three tables present details of the District's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 32 MBRR SA 34a - Capital expenditure on new assets by asset class

FS193 Nketoana - Supporting Table SA34a Capital expenditure on new assets by asset class		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	+1 2020/21	+2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure											
Roads Infrastructure					23 691	23 691		53 160	79 497	84 794	
Roads					—	—		—	—	—	
Road Structures					—	—		—	—	—	
Road Furniture					—	—		—	—	—	
Curb and Gutter					—	—		—	—	—	
Storm water Infrastructure					—	1 522	1 522	—	—	—	
Drainage Collection					—	1 522	1 522	—	—	—	
Storm water Conveyance					—	—	—	—	—	—	
Attenuation					—	—	—	—	—	—	
Electrical Infrastructure					—	1 547	1 547	—	172	—	
Power Plants					—	—	—	—	—	—	
HV Substations					—	—	—	—	—	—	
HV Switching Station					—	—	—	—	—	—	
HV Transmission Conductors					—	—	—	—	—	—	
MV Substations					—	—	—	—	—	—	
MV Switching Stations					—	—	—	—	—	—	
MV Networks					—	—	—	—	—	—	
LV Networks					—	—	—	—	—	—	
Capital Spares					—	—	—	—	—	—	
Water Supply Infrastructure					1 547	1 547		172	—	—	
Dams and Weirs					20 612	20 612		52 987	79 497	84 794	
Reservoirs					—	—		—	—	—	
Pump Stations					623	623		37 735	60 376	60 376	
Water Treatment Works					—	—		813	1 301	1 301	
Bulk Mains					—	—		—	—	—	
Distribution					—	—		—	—	—	
Drop-off Points					16 567	16 567		9 068	17 537	23 117	
PDU Stations					—	—		—	—	—	
Capital Spares					3 422	3 422		5 372	283	—	
Sanitation Infrastructure					—	—		—	—	—	
Pump Station					—	—		—	—	—	
Reticulation					—	—		—	—	—	
Waste Water Treatment Works					—	—		—	—	—	
Outfall Sewers					—	—		—	—	—	
Toilet Facilities					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Solid Waste Infrastructure					—	—		—	—	—	
Landfill Sites					—	—		—	—	—	
Waste Transfer Stations					—	—		—	—	—	
Waste Processing Facilities					—	—		—	—	—	
Waste Drop-off Points					—	—		—	—	—	
Waste Separation Facilities					—	—		—	—	—	
Electricity Generation Facilities					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Rail Infrastructure					—	—		—	—	—	
Rail Lines					—	—		—	—	—	
Rail Structures					—	—		—	—	—	
Rail Furniture					—	—		—	—	—	
Drainage Collection					—	—		—	—	—	
Storm water Conveyance					—	—		—	—	—	
Rearrangement					—	—		—	—	—	
MV Substations					—	—		—	—	—	
LV Networks					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Coastal Infrastructure					—	—		—	—	—	
Sand Pumps					—	—		—	—	—	
Piers					—	—		—	—	—	
Revetments					—	—		—	—	—	
Promenades					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Information and Communication Infrastructure					—	—		—	—	—	
Data Centres					—	—		—	—	—	
Cables					—	—		—	—	—	
Distribution Layers					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Community Assets					950	950		13 421	1 201	1 135	
Community Facilities					—	—		—	—	—	
Halls					—	—		—	—	—	
Centres					—	—		—	—	—	
Caches					—	—		—	—	—	
Child/Care Centres					—	—		—	—	—	
Fire/Ambulance Stations					—	—		—	—	—	
Testing Stations					—	—		—	—	—	
Museums					—	—		—	—	—	
Galleries					—	—		—	—	—	
Theatres					—	—		—	—	—	
Libraries					—	—		—	—	—	
Cemeteries/Crematoria					—	—		—	—	—	
Police					—	—		—	—	—	
Parks					—	—		—	—	—	
Public Open Space					—	—		—	—	—	
Nature Reserves					—	—		—	—	—	
Parks/Abattoir Facilities					—	—		—	—	—	
Markets					—	—		—	—	—	
Stalls					—	—		—	—	—	
Abattoirs					—	—		—	—	—	
Airports					—	—		—	—	—	
Taxi/Banks/Bus Terminals					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Sport and Recreation Facilities					950	950		13 421	1 201	1 135	
Indoor Facilities					—	—		—	—	—	
Outdoor Facilities					950	950		13 421	1 201	1 135	
Capital Spares					—	—		—	—	—	
Heritage Assets					—	—		—	—	—	
Monuments					—	—		—	—	—	
Historical Buildings					—	—		—	—	—	
Works of Art					—	—		—	—	—	
Conservation Areas					—	—		—	—	—	
Other Heritage					—	—		—	—	—	
Investment properties					—	—		—	—	—	
Revenue Generating					—	—		—	—	—	
Improved Property					—	—		—	—	—	
Unimproved Property					—	—		—	—	—	
Non-Revenue Generating					—	—		—	—	—	
Improved Property					—	—		—	—	—	
Unimproved Property					—	—		—	—	—	
Other assets					—	—		—	—	—	
Operational Buildings					—	—		—	—	—	
Municipal Offices					—	—		—	—	—	
Pay/Enquiry Points					—	—		—	—	—	
Building Plan Offices					—	—		—	—	—	
Workshops					—	—		—	—	—	
Yards					—	—		—	—	—	
Stores					—	—		—	—	—	
Laboratories					—	—		—	—	—	
Training Centres					—	—		—	—	—	
Manufacturing Plant					—	—		—	—	—	
Docks					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Housing					—	—		—	—	—	
Staff Housing					—	—		—	—	—	
Social Housing					—	—		—	—	—	
Capital Spares					—	—		—	—	—	
Biological or Cultivated Assets					—	—		—	—	—	
Biological or Cultivated Assets					—	—		—	—	—	
Intangible Assets					—	—		—	—	—	
Software					—	—		—	—	—	
Licences and Rights					—	—		—	—	—	
Water Rights					—	—		—	—	—	
Effluent Licenses					—	—		—	—	—	
Sediment Waste Licenses					—	—		—	—	—	
Computer Software and Applications					—	—		—	—	—	
Landfill/Attenuation Software Applications					—	—		—	—	—	
Unspecified					—	—		—	—	—	
Computer Equipment					—	—		—	—	—	
Computer Equipment					—	—		—	—	—	
Furniture and Office Equipment					—	—		—	—	—	
Furniture and Office Equipment					—	—		—	—	—	
78					—	—		—	—	—	
Delivery and Equipment					—	—		—	—	—	
Technically and Equipment					—	—		—	—	—	
Transport Assets					—	—		—	—	—	
Transport Assets					—	—		—	—	—	
Land					—	—		—	—	—	
Land					—	—		—	—	—	
Zoo's, Marine and Non-biological Animals					—	—		—	—	—	
Zoo's, Marine and Non-biological Animals					—	—		—	—	—	
Total Capital Expenditure on new assets											

Table 33 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description		Ref	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
			2015/16	2016/17	2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20
			Audited Outcome	Audited Outcome	Audited Outcome				Budget Year +1 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class									
R thousand									
Infrastructure									
Roads Infrastructure			—	—	—	4 723	5 604	—	—
Roads			—	—	—	2 212	1 909	—	—
Road Structures			—	—	—	1 962	1 529	—	—
Road Furniture			—	—	—	—	250	380	—
Capital Spares			—	—	—	—	—	—	—
Storm Water Infrastructure			—	—	—	—	—	—	—
Drainage Collection			—	—	—	—	—	—	—
Storm water Conveyance			—	—	—	—	—	—	—
Attenuation			—	—	—	—	—	—	—
Electrical Infrastructure			—	—	—	911	925	—	—
Power Stations			—	—	—	—	—	—	—
HV Substations			—	—	—	—	—	—	—
HV Switching Station			—	—	—	—	—	—	—
HV Transmission Conductors			—	—	—	—	—	—	—
MV Substations			—	—	—	—	—	—	—
MV Switching Stations			—	—	—	—	—	—	—
MV Networks			—	—	—	911	925	—	—
LV Networks			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Water Supply Infrastructure			—	—	—	1 500	2 570	—	—
Drilled and Weirs			—	—	—	—	—	—	—
Boreholes			—	—	—	—	—	—	—
Reservoirs			—	—	—	—	—	—	—
Pump Stations			—	—	—	—	—	—	—
Water Treatment Works			—	—	—	—	—	—	—
Bulk Mains			—	—	—	—	—	—	—
Distribution			—	—	—	—	—	—	—
Distribution Points			—	—	—	1 500	2 570	—	—
PR Stations			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Sanitation Infrastructure			—	—	—	100	200	—	—
Pump Station			—	—	—	—	—	—	—
Reticulation			—	—	—	100	200	—	—
Water Treatment Works			—	—	—	—	—	—	—
Outfall Sewers			—	—	—	—	—	—	—
Toilet Facilities			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Solid Waste Infrastructure			—	—	—	—	—	—	—
Landfill			—	—	—	—	—	—	—
Waste Transfer Stations			—	—	—	—	—	—	—
Waste Processing Facilities			—	—	—	—	—	—	—
Waste Drop-off Points			—	—	—	—	—	—	—
Waste Preparation Facilities			—	—	—	—	—	—	—
Electricity Generation Facilities			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—
Rail Lines			—	—	—	—	—	—	—
Rail Structures			—	—	—	—	—	—	—
Rail Furniture			—	—	—	—	—	—	—
Drainage Collection			—	—	—	—	—	—	—
Storm water Conveyance			—	—	—	—	—	—	—
Attenuation			—	—	—	—	—	—	—
MV Substations			—	—	—	—	—	—	—
LV Networks			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—
Sand Pumps			—	—	—	—	—	—	—
Piers			—	—	—	—	—	—	—
Promenades			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—
Data Centres			—	—	—	—	—	—	—
Core Layers			—	—	—	—	—	—	—
Distribution Layers			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Community Assets			—	—	—	380	598	—	—
Community Facilities			—	—	—	300	558	—	—
Halls			—	—	—	—	—	—	—
Centres			—	—	—	—	—	—	—
Crescents			—	—	—	—	—	—	—
Clinics/Care Centres			—	—	—	—	—	—	—
First Ambulance Stations			—	—	—	—	—	—	—
Testing Stations			—	—	—	—	—	—	—
Museums			—	—	—	—	—	—	—
Galleries			—	—	—	—	—	—	—
Theatres			—	—	—	—	—	—	—
Libraries			—	—	—	—	—	—	—
Cemeteries/Crematoria			—	—	—	300	558	—	—
Police			—	—	—	—	—	—	—
Parks			—	—	—	—	—	—	—
Public Open Space			—	—	—	—	—	—	—
Nature Reserves			—	—	—	—	—	—	—
Public Abolition Facilities			—	—	—	—	—	—	—
Markets			—	—	—	—	—	—	—
Shops			—	—	—	—	—	—	—
Abattoirs			—	—	—	—	—	—	—
Airports			—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Sport and Recreation Facilities			—	—	—	80	40	—	—
Indoor Facilities			—	—	—	80	40	—	—
Outdoor Facilities			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Hearse assets			—	—	—	—	—	—	—
Mosques			—	—	—	—	—	—	—
Historic Buildings			—	—	—	—	—	—	—
Works of Art			—	—	—	—	—	—	—
Conservation Areas			—	—	—	—	—	—	—
Other Heritage			—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—
Improved Property			—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—
Improved Property			—	—	—	—	—	—	—
Unimproved Property			—	—	—	—	—	—	—
Other assets			—	—	—	300	498	—	—
Operational Buildings			—	—	—	300	498	—	—
Municipal Offices			—	—	—	—	—	—	—
Pay/Enquiry Points			—	—	—	—	—	—	—
Building Plan Offices			—	—	—	—	—	—	—
Workshops			—	—	—	—	—	—	—
Yards			—	—	—	—	—	—	—
Stores			—	—	—	—	—	—	—
Laboratories			—	—	—	—	—	—	—
Trade Centres			—	—	—	—	—	—	—
Manufacturing Plant			—	—	—	—	—	—	—
Depots			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Heating			—	—	—	—	—	—	—
Site Housing			—	—	—	—	—	—	—
Social Housing			—	—	—	—	—	—	—
Capital Spares			—	—	—	—	—	—	—
Biological or Cultivated Assets			—	—	—	—	—	—	—
Biological or Cultivated Assets			—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—
Servitudes			—	—	—	—	—	—	—
Land and Rights			—	—	—	—	—	—	—
Water Rights			—	—	—	—	—	—	—
Effluent Licenses			—	—	—	—	—	—	—
Solid Waste Licenses			—	—	—	—	—	—	—
Computer Software and Applications			—	—	—	—	—	—	—
Local Government Software Applications			—	—	—	—	—	—	—
Unspecified			—	—	—	—	—	—	—
Computer Equipment			—	—	—	500	400	—	260
Computer Equipment			—	—	—	500	400	—	260
Furniture and Office Equipment			—	—	—	10	—	—	—
Furniture and Office Equipment			—	—	—	10	—	—	—
Machinery and Equipment			—	—	—	4 148	3 585	—	250
Machinery and Equipment			—	—	—	4 148	3 585	—	250
Transport Assets			—	—	—	1 760	700	—	265
Transport Assets			—	—	—	1 760	700	—	265
Land			—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1		—	—	—	11 821	11 384	—	510
R&M as % of PPE			0.0%	0.0%	0.0%	18.2%	17.9%	—	0.0%
R&M as % of Operating Expenditure			0.0%	0.0%	0.0%	3.3%	3.0%	—	0.0%

Table 34 MBRR SA35 - Future financial implications of the capital budget

FS193 Nketoana - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Capital expenditure	1							
Vote 1 - Vote 1 : Executive and Council		–	–	–				
Vote 2 - Vote 2 : Finance and Administration		–	–	–				
Vote 3 - Vote 3 : Community Services		13 421	1 201	1 135				
Vote 4 - Vote 4 : Waste Management		–	1 400	3 051				
Vote 5 - Vote 5 : Local Economic Development		–	–	–				
Vote 6 - Vote 6 : Roads Transport		13 999	3 801	8 925				
Vote 7 - Vote 7 : Water		62 145	83 445	88 609				
Vote 8 - Vote 8 : Electricity		172	–	–				
Vote 9 - Vote 9 : Waste Water		1 575	15 425	5 231				
Vote 10 - Vote 10 : Housing		–	–	–				
Vote 11 - NULL		–	–	–				
Vote 12 - NULL		–	–	–				
Vote 13 - NULL		–	–	–				
Vote 14 - NULL		–	–	–				
Vote 15 - NULL		–	–	–				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		91 313	105 272	106 952	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Vote 1 : Executive and Council		–	–	–				
Vote 2 - Vote 2 : Finance and Administration		–	–	–				
Vote 3 - Vote 3 : Community Services		–	–	–				
Vote 4 - Vote 4 : Waste Management		–	–	–				
Vote 5 - Vote 5 : Local Economic Development		–	–	–				
Vote 6 - Vote 6 : Roads Transport		–	–	–				
Vote 7 - Vote 7 : Water		–	–	–				
Vote 8 - Vote 8 : Electricity		–	–	–				
Vote 9 - Vote 9 : Waste Water		–	–	–				
Vote 10 - Vote 10 : Housing		–	–	–				
Vote 11 - NULL		–	–	–				
Vote 12 - NULL		–	–	–				
Vote 13 - NULL		–	–	–				
Vote 14 - NULL		–	–	–				
Vote 15 - NULL		–	–	–				
<i>List entity summary if applicable</i>								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates		–	–	–				
Service charges - electricity revenue		–	–	–				
Service charges - water revenue		–	–	–				
Service charges - sanitation revenue		–	–	–				
Service charges - refuse revenue		–	–	–				
Rental of facilities and equipment		–	–	–				
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		91 313	105 272	106 952	–	–	–	–

Table 35 MBRR SA36 - Detailed capital budget per municipal vote

FS193 Nketoana - Supporting Table SA36 Detailed capital budget												2019/20 Medium Term Revenue & Expenditure Framework						
R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Audited	Current Year	Budget Year	Budget Year		
													Outcome 2017/18	2018/19	2019/20	+1 2020/21	2021/22	
<i>Parent municipality:</i> <i>List all capital projects grouped by Function</i>																		
Roads Infrastructure Electrical Infrastructure Water Supply Infrastructure Solid Waste Infrastructure Sports and Recreation Facilities Operational Building	Upgrading of gravel roads to paving roads Installation of high mast lights Upgrading of water pumps, construction of water pipelines Development of solid waste disposal Sports facility	Upgrading New New Upgrading New Upgrading						Roads Infrastructure Electrical Infrastructure Water Supply Infrastructure Solid Waste Infrastructure Sports and Recreation Facilities Operational Buildings	Road Structures MV Networks Reservoirs Landfill Sites Outdoor Facilities Operational Buildings				13 999 172 57 286 1 975 13 421 4 079	3 801 8 925 82 374 15 425 1 201 2 471				
<i>Parent Capital expenditure:</i> <i>List all capital projects grouped by Entity</i>																		
Entity A Water project A														=	=	91 313	105 272	106 952
Entity B Electricity project B																		
Entity Capital expenditure														=	=	=	=	=
Total Capital expenditure														=	=	91 313	105 272	106 952
Zolwenziso																		

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- In year reporting
Reporting to National Treasury in electronic format is fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
- Internship programme
The municipality is participating in Municipal Financial Management Internship Programme and has 5 interns undergoing training in various divisions of the Financial Services Department which started on 04 February 2018 and will run until 31 January 2021.
- Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA. There is however a high shortage of personnel in the budget and reporting division.
- Audit Committee
The new audit committee has been appointed from July 2017 to June 2020
- Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be in line with MFMA.
- Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

- MFMA Training

The MFMA training module in electronic format is presented at the Municipality internal centre which is Finance department in this regard and training is on-going.

2.14 Other supporting tables

Copy of Annual Budget (A1-Schedule) attached for tables SA1 to SA37.

2.15 Municipal Manager's quality certificate

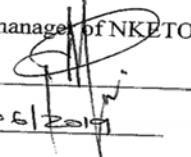
Municipal Manager's quality certificate



I M.P. MANZI, municipal manager of Nketoana Local Municipality, hereby certify that the Annual Budget 2019/2020 to 2021/2022 and supporting documentation have been prepared in accordance with Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget 2019/2020 to 2021/2022 and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print Name: MZWANDILE PENWELL MANZI

Municipal manager of NKETOANA LOCAL MUNICIPALITY (FS 193)

Signature: 

Date: 18/06/2019